RUSSIAN WEEKLY NEWSMAGAZINE
№ 46 NOVEMBER 1992

NEW TIMES

INTERNATIONAL

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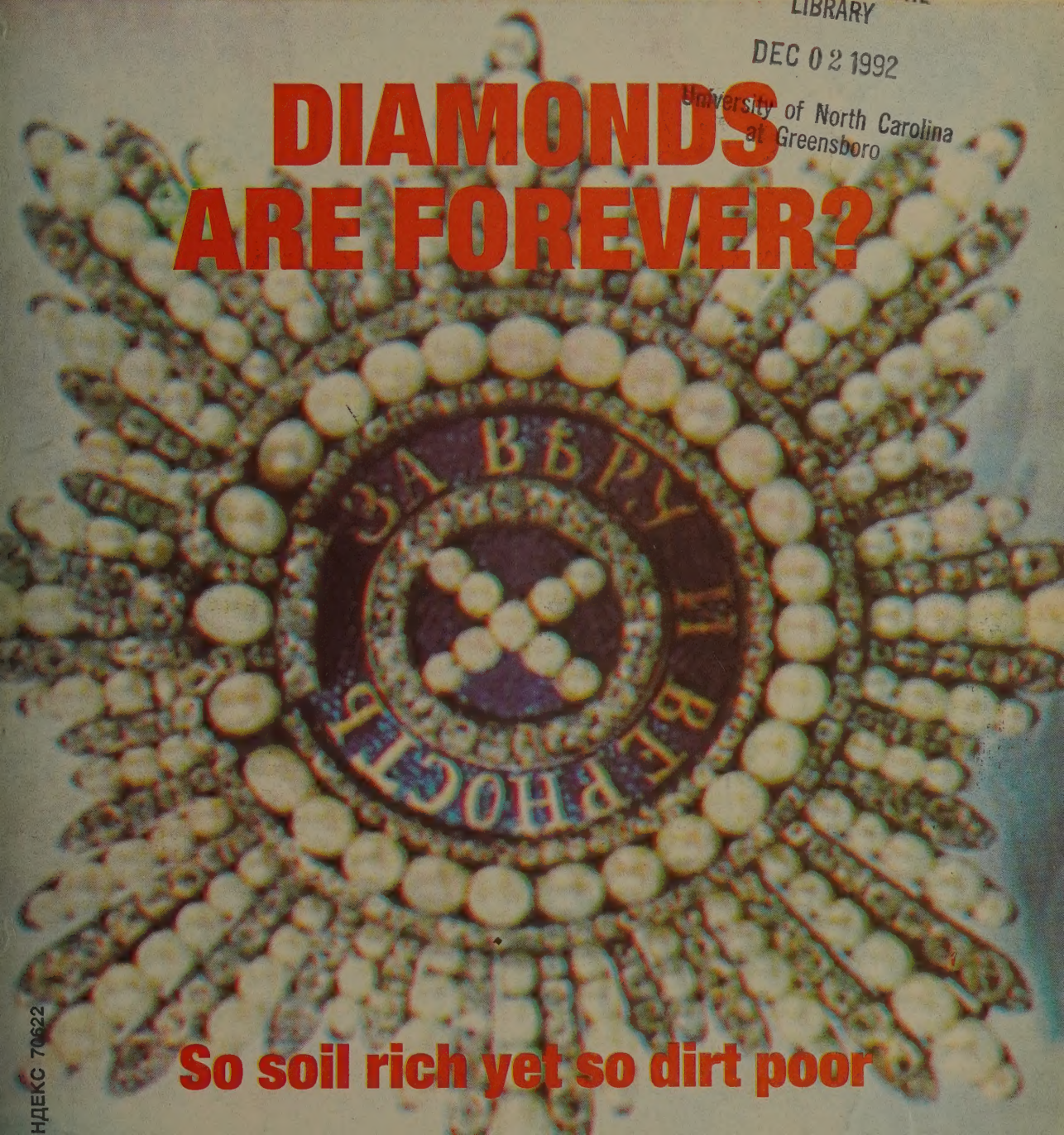

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INTERNATIONAL

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The Kremlin's personnel policy

By killing others, they killed themselves

Though the documents about the monstrous Katyn tragedy generously handed over to Lech Walesa by new Russian leaders contain no revelations the world had not known or guessed about earlier, it is nevertheless difficult for us to reconcile ourselves to the fact and to actually believe that such senseless, brutal and mass annihilation of Poles was possible. The 20,000 unfortunate men shot at Katyn were not simply officers, policemen and landowners but they also had wives and parents who surely loved them. NKVD butchers not only shot living people but also Love. They shot not only POWs but their own souls, whatever was Human that remained in them.

Czeslaw Stawski,
priest
Poznan

With a tinge of intrigue

The Polish authorities at last have documents proving the NKVD's crimes at Katyn. Fifty years have passed since this carnage and the Russians have only now decided to make secrets public. Why? I am afraid there is a tinge of political manoeuvering in the Russians' sincere desire to repent for their crime. Why did the authorities emphasize that Mikhail Gorbachev knew about this sinister file? Does this make the Katyn holocaust more nefarious? Or is the idea to drag the former General Secretary in the mud over this one as if he has no other sins?

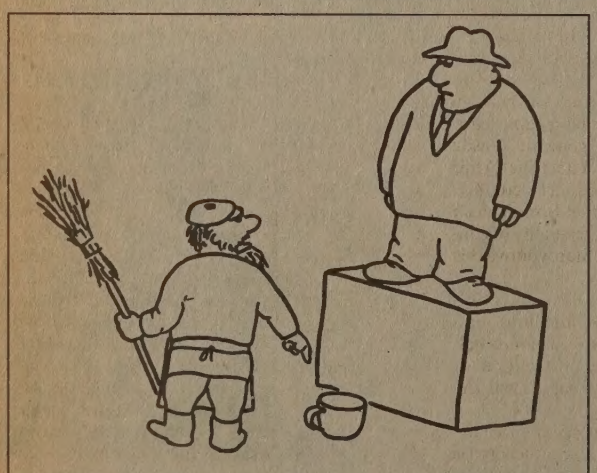
Kosta Andreyev,
doctor
Plovdiv, Bulgaria

More questions than answers

A short while ago South Korean and US officials were handed over 14 documents relating to the KAL airliner knocked down by a Soviet missile in 1983. But the documents don't say much. They raise more questions than they give answers. I am afraid that, as one politician noted over a century ago, the archives in Russia remain "at the disposal of monarchs." I am sure that genuine democratization will begin in Russia only when documents from the past become accessible to all scholars, Russian and foreign, on equal grounds.

Alexander Bergman,
archivist

THE WAY I SEE IT



Drawing by Marat Tairov

Liberalization and war don't go together

One thing struck me when I flew to Paris on board an airliner on the Yerevan–Paris–Los Angeles route: 90 percent of passengers were Armenian emigrants going to California for "reunification with their families." While in Yerevan I heard that half a million Armenians, one sixth of the republic's population, had handed in requests for emigration. People feel hopeless in Armenia. They fear the coming winter, cold (it happens that the temperature falls to 20 degrees below zero even in homes), and hunger (because of the war in Abkhazia there is not even enough bread). One hears shooting at night.

Only aggressive small-time businessmen are prospering, but there are not many of them. In the daytime the streets of Yerevan are filled with small tables on which young people of "conscription age," as passersby note with dissatisfaction, lay out for sale cigarettes, alcohol, and a lot of other small import goods now flowing to the East. A fourth casino, run by an American, recently opened in Yerevan to cater to businessmen. In Armenia and the whole of Transcaucasia, to a greater extent than in the Commonwealth of Independent States, these wheelers and dealers control almost the entire retail trade with the aid of gangsters. In the casinos they squander their profits all night long, raising their glasses to the prosperity of "eternal Armenia."

Of course, these vices are not inherent in Armenia only. But in that republic they serve as one more proof that the policy of "liberalization" does not work with a parallel policy of war, as the new Armenian authorities are trying to do.

Karen Sh.
Paris

Hitler's fate

In 1947 I heard sensational revelations by a man who stayed in the bunker of a Nazi government office till the last days of the war. At that time I worked in the press department of the Soviet Military Administration in Germany. The information service of the administration was headed by Col. Tyulpanov, a clever and educated man who later became a professor and pro-rector of Leningrad University.

In the spring of 1947 he was approached by Ernst Rowohlt, a famous publisher from Hamburg. He came to the information service together with a young German, Boldt, whom he introduced as a former aid of Gen. Krebs. He stayed in Hitler's bunker together with his chief.

Boldt told us that Hitler did never poisoned himself, as the Soviet version claims, but that he shot himself. On the same day Tyulpanov reported his meeting directly to the Party's Central Committee, because he had a government communication telephone in his office. Next day I learned from him that the higher-ups did not approve of his meeting with Rowohlt and Boldt. Tyulpanov hinted that we should forget everything we had heard and we "forgot."

Yakov Valakh,
Lieutenant Colonel (Ret.)
foreign news commentator,
Ukrainian Information Service
Kiev

Dreaming of Vienna

I fought on the Kursk bulge, where I was wounded and taken prisoner. In captivity I worked for over a year at the central cemetery of Vienna. We dug graves, cleaned tombs and swept the paths. I saw the graves of outstanding men – Beethoven, Schubert and Strauss. Before dying I would like to visit Vienna and its cemetery as a free man. I could tell Austrians a lot of interesting things. Perhaps there is an organization in Austria that will help me come to Vienna for a few days.

Vladimir Pasechnik
Kemerovo Region

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"I DON'T SEE, HEAR OR GRASP ANYTHING" – the current Kremlin line on the threat of an all-out Caucasian war

The Kremlin is looking more and more like a blind and deaf foreigner in its own country. In this case I use the words "the Kremlin" as a collective noun defining a Russian politician at any level: the presidential council, the government, or a parliamentary session. The democratization of government, that is, the administering of authoritative direction and control, has not yielded any essential improvement in governmental resolutions or in resolutions coming from any body of this kind. Last summer the Supreme Soviet almost unanimously adopted, and the Congress of People's Deputies approved, a bill on the rehabilitation of the rights of oppressed nations, including the rights not only to the nation's good name, property and national dignity, but also to a certain amount of territory, wrested from those nations during Stalin's dictatorship. No members of parliament or People's Deputies, however, thought for a moment what putting this bill into practice would mean if it were actually carried out in Russia, and not in the Kremlin lobbies alone.

As a result, the Ingushes (who blame their neighbours for appropriating 49 percent of their territory and 39 Ingush townships in 1944) have found themselves in a bloody conflict with the Ossetians, whose leaders uphold the principle of the inviolability of the borders fixed by Stalin. Some 500 people have been murdered and more than 3,000 wounded. Close to 20,000 people have lost their homes and become refugees. Elite Russian troops have been sent to North Ossetia and Ingushetia. General Pavel Grachev has quickly invented a doctrine for their use in national clashes. According to this doctrine, regular army units introduce proper order, that is, see to it that any shooting is stopped, while internal troops "curb the irreconcilable." Another general, Vasily Savin, apparently did not like that doctrine. After visiting the area of the Ossetian-Ingush conflict, he sent in his resignation. President Boris Yeltsin felt hurt because of the inadequate quality of consultations, and dismissed Galina Starovoitova, his councillor on interethnic affairs. He appointed Vice-Premier Sergei Shakhrai to be the new official responsible for keeping the nationalities question from flaring up out of control. In a nutshell, all this is a political and bureaucratic routine for the purpose of doing anything but coping with the problems of everyday life.

According to eyewitnesses, the presidential decree on a state of emergency in the conflict area is hard to put into effect just as the bill on nations subjected to oppression. Bloodshed has been stopped. Nothing has been done, however, to do away with its causes. I would say that the conflict has been swept under the rug and no one knows for how long. Any trifle could trigger off a new round of fighting, this time on a larger scale.

One of the reasons for bringing troops to Ingushetia is that the state of emergency is not seriously observed there. In North Ossetia, however, where the state of emergency has been effective, allegedly, since the beginning of November, the situation looks very strange. The groups known as the detachments of self-defence have not been disarmed. The Republican National Guards also have arms and supplies at their disposal. Meanwhile all these formations are regarded as "illegal." They have no legal right to exist at all, all the more so during a state of emergency.

One can well understand the position of Russian military officers when they observe the manoeuvres of those fighters, and when they even come into contact with them on various pretexts which exist in abundance in such a hot spot. (In the final analysis, the main task of the Russian military is to protect the lives of soldiers, as well as their own lives. Any attempt to disarm those fighters will end in heavy losses and will call for a need to triple the number of troops in the area.) One can barely understand the politicians who think that by sidestepping the conflict one can gain anything in the foreseeable future. Instead of peace – a lull before a battle. Instead of wise administration – a semblance of good management. Instead of political strategy – an attempt to avoid the blows of fate, which spells trouble and which is ominous not only for Russia. The main problem is that the conflict cannot be localized either from the North or from the South. It can spread into various areas, towards the central part of Russia, as well as southwards. Chechens, Georgians, Turks, Arabs and the Russian Cossacks from the Kuban River to the Amur River area can get entangled in the fighting. It seems that the Kremlin has failed to take the above-mentioned fact into account. Meanwhile, prior to 1924, the lands under question belonged to none other than the famous Cossacks who inhabited the Terek River area.

Vladimir Kulistikov

THIS WEEK

■ President Yeltsin made an official visit to the United Kingdom of Great Britain and Northern Ireland. The Russian President addressed Parliament members of both chambers in the Royal Gallery of Westminster Palace, paid a visit to Queen Elizabeth II and had a talk with Prime Minister John Major. As a result of the visit, both sides signed a number of agreements. Of paramount importance was an agreement "On the Principles of Relations Between

Yeltsin in London. Friends forever?

the Russian Federation and the United Kingdom." Commentators emphasized that British-Russian agreements on such a scale have not been concluded since 1766 and that the document actually serves as a friendship treaty. Also signed were documents on economic cooperation and military contacts for 1993-94, on direct phone contacts between the Moscow Kremlin and the Prime Minister's office on Downing Street, and a memorandum on cooperation in controlling air terrorism. Both sides have also reached understanding on England's assistance to Russia in dismantling and destroying nuclear weapons. Commentators note that the visit was held in an atmosphere of friendship.

■ The newly-elected parliament of Georgia has passed a law on state authority, which virtually amounts to a provisional constitution. According to this law, a new post – Head of State – will be introduced. The Chairman of Parliament shall be elected to this post. He will exercise both legislative and executive power. The Head of State shall appoint the cabinet of ministers, to then be approved by parliament. He will also be Commander-in-Chief of Georgia's armed forces.

This law vests Eduard Shevardnadze as Head of State with practically unlimited powers.

■ Leaders of the political organization, Civil Union – Arkady Volsky, Alexander Vladislavlev, Nikolai Travkin, Igor Klochkov and Igor Muravyov – met with President Yeltsin in the Kremlin. It was one of a series of such meetings between Yeltsin and different political trends and factions of the Russian parliament in connection with preparations for a Congress of People's Deputies.

Civil Union leaders stated at the meeting that their organization supported the reform strategy pursued by the President. However, they do not agree with the tactics, that is, the policy pursued by Gaidar. In exchange for its support at the Congress, the Civil Union proposed personnel changes in the government. Civil Union leaders gave the names of ministers whom they do not want to see in the government and candidates from their organizations who are supposed to replace them. The President did not directly react to this proposal, but indirectly he hinted that there can be no talk of replacing Gaidar and his team on the whole.

"We shall support the President at the Congress, but our economic concept remains unchanged," Arkady Volsky said after the meeting.

■ The political council of the Civil Union circulated its statement "On the Threat to the Constitutional System in Russia." The document condemns proposals for introducing direct presidential rule. They had been made by the Russian Movement for Democratic Reforms, Democratic Russia and some officials of the Civil Union. The political council stressed that the Constitution and laws of Russia do not envisage presidential rule. It called on the President, the parliament and the Prosecutor-General to defend the law, because "a change in the form of government won't solve any of the problems facing the Russian Federation today."

■ The imposition of the state of emergency for a month and the establishment of an interim administration in North Ossetia and the Ingush Region by presidential decree have somehow reduced tension in these regions of the Northern Caucasus.

The armed Ingush groups were withdrawn from the zone of hostilities. However, the problems of observing the state of emergency in the Ingush region, the exchange of hostages and food aid to numerous refugees remain unsolved.

According to the Interior Ministry of Russia, more than 150 people were killed in the conflict.

Refugees from Ingushetia. Who is to blame?

■ A press conference of representatives of the Ingush people was held in Moscow. The attention of journalists was drawn to the fact that an armed conflict in the Suburban Area, North Ossetia, was provoked at a time when the Russian parliament was preparing to discuss the question of establishing an Ingush Republic.

Akhsarbek Galazov, Chairman of the North Ossetian parliament, conferred in Moscow with President Yeltsin. Galazov stated his views on the situation and proposals on ways of a settlement.

By a presidential decree, Vice Premier Georgy Khizha was released from the post of head of the interim administration and Sergei Shakhrai was appointed instead of him. In the opinion of the leadership of the interim administration, a stable settlement of the Ingush-Ossetian conflict is impossible without finding out who had engineered the explosion and why no officials reacted to the concentration of arms and armed people.

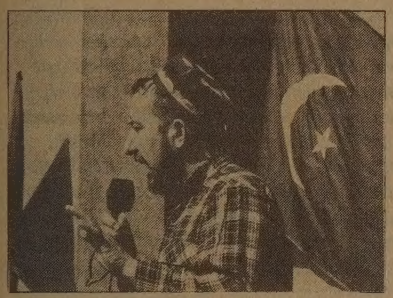
THIS WEEK

■ Kazakhstan's capital, Alma-Ata, was the venue of a meeting between the Presidents of Kazakhstan, Kyrghyzstan and Uzbekistan, the Acting President of Tajikistan, and Russian Foreign Minister Kozyrev, acting under the guidance of President Yeltsin.

The participants in the meeting concluded that a further escalation of tension in Tajikistan is fraught with dangerous consequences for all republics bordering on that republic, as well as for Russia.

They supported the proposal of Acting President Iskandarov on forming a State Council and a government of public confidence in Tajikistan.

They also decided that the Russian 201st Division should remain in the conflict zone as a peacekeeping force.



Dushanbe. Islam again comes to the fore

■ In pursuance of the decisions adopted at the meeting, the personal representatives of the Kazakh, Uzbek and Russian presidents went to Tajikistan's capital Dushanbe, where they held a meeting with the city authorities and representatives of the Kulyab and Kurgan-Tyube regions on normalizing the situation in the republic. The main result of the discussion was an agreement by the opposed groups to obey the decisions which will come from the session of the republic's parliament, which is to open in the next few weeks. Nevertheless, hostilities in the conflict area continue. The war is particularly intensive along the roadways. The movement of railway trains has been stopped because of subversive acts, and roadways are being mined.

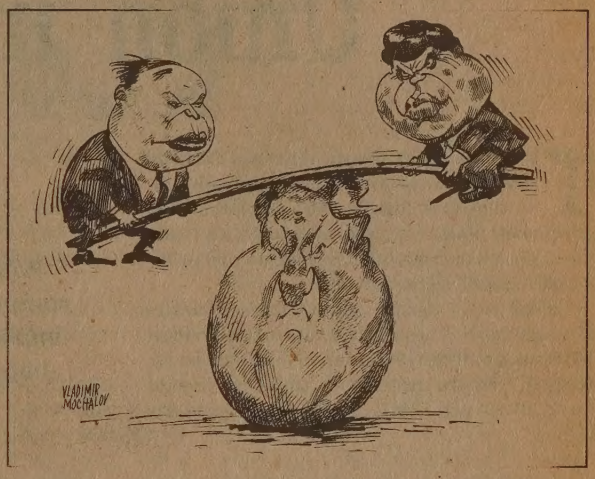
The number of refugees in the republic has reached 430,000.

■ Victor Gerashchenko, Acting Chairman of the Central Bank of Russia, has been confirmed in this post by the Russian parliament. Introducing Gerashchenko to the parliament, Alexander Pochinok, Chairman of the Commission for the Budget, Plans, Taxes and Prices, noted that he was the only possible candidate for this post.

In his speech, Gerashchenko noted that he stands in principle for the independence of the main Russian bank and that it should be accountable only to the parliament. In his opinion, the bank should be guided by the budget approved by the parliament and the main guidelines in a credit policy. At the same time, Gerashchenko spoke in favour of close cooperation between the bank and executive power.

■ The Russian parliament has decided to establish a state frontier regime on the border between Russia and the Baltic states. This border will become the first real state frontier between Russia and former republics of the Soviet Union. The frontier troops, 60 percent of whom have already been withdrawn from the Baltic republics, are being stationed along the line of the administrative division. The regime of a "closed" frontier will then be established on the border with Georgia and Azerbaijan, though this will entail certain difficulties. In the first case, the establishment of a state frontier is hindered by the stand of the Chechen republic, and in the second case, by the position of Daghestan because of the failure to settle the Lezghin question.

CARTOON OF THE WEEK



Drawing by Vladimir Mochalov

■ The Kazakh government decided that people who go on business trips should do their business in a shorter time, and for this purpose it imposed new restrictions on the term of their stay during such trips. From now on employees of state-owned enterprises and organizations going to republican ministries and departments must settle their affairs within five days. Business trips to other states of the Commonwealth must also last no more than five days. This measure is designed to prevent the embezzlement of government funds.

■ Alexander Pochinok, Chairman of the Russian parliament's Commission for the Budget, Plans, Taxes and Prices, said that the emission of kopecks had been virtually discontinued in Russia.

"However, I would not recommend citizens to throw out their kopecks for the simple reason that they are much more precious than their nominal cost," he added. "Some time later kopecks will become a numismatic rarity and will cost much higher than their stated value."

Quotations of the week

"On the economic level, the Soviet Union was always a big milch cow which was fed by Russia but milked in other republics. If we demanded world accepted market prices for our raw materials and introduced control over export, Russia would not need external help."

Vice-President Alexander Rutskoi

"An energetic Maastricht process the other way round, from a common currency to the appearance of national currencies, is taking place on the territory of the former USSR. A common monetary unit always serves as a universal language. A medley effect, that is, the appearance of local 'languages-monies,' is being observed in the former Soviet Union today."

Libération, French newspaper

Civil Union in offing?

The most exciting topic on the eve of the Congress is that of a political compromise intimating that Yeltsin will complement the government with a few more ministers alien to the Gaidar team, men advocating economic and political doctrines of a different order.

Gaidar says a coalition government is possible. Yeltsin is having consultations with sundry political blocs, such as the Civil Union and the Coalition for Reform. On the negotiating table are lists of "shadow cabinets." It is noted that haggling has begun.

Political compromise implies job haggling

A government without us is worse

Do we have in this country any political forces at all? After all, various parties were permitted yet during Gorbachev's *perestroika*. However, something more seems needed to organize parties. At any rate, though two years have elapsed since Article 6 of the USSR Constitution was deleted, political parties are still embryonic. At best we have but two relatively large parties, but one more or less well-known party, yet not a single influential one.

Prevalent political sentiments are reflected by three blocs, each of which is composed of movements, factions, trade unions, organizations of entrepreneurs and businessmen and individual politicians, in short, a motley mosaic. Yet they are not really amalgamation of political forces expressing some definite political ideology, but symbols to which the politically ambitious rally at discretion.

The three blocs we have in mind are firstly the democrats from Coalition for Reform, supporting Yeltsin and Gaidar, the middle-of-the-way Civil Union, which takes critical stock of the government's policies, and thirdly, the current National Salvation Front composed of the National Communists, flying both the royalist tricolour and the USSR's hammer and sickle.

At this November 7 demonstration portraits of Brezhnev were for the first time displayed side by side with those of Stalin. Communists recalled the price of vodka which had been 3.62 rubles under Brezhnev

It is hard to say at present moment which of the three has popular backing. One can form an impression exclusively by noting the vociferous self-advertisement and vigour plus such indirect features as reputations, intellectual weight and the political expertise of the respective leaders.

Who do these three blocs actually represent? Scarcely do they themselves really know for sure.

Thus, the Civil Union presumably sticks up for managerial executives, though on the other hand, there are signs that what these executives really think is at variance with the Volsky-Vladislavlev platform.

The National Communists, with their penchant for demagogic pathos, claim that they have millions of followers, but again that is only what they say.

Though the Democratic Russia movement was rumoured dead, it is anyone's guess as to whether the Democratic ideology has exhausted itself in Russia.

The only thing on which all three blocs could agree nowadays, provided they were engaged in proper political struggle not underhand scuffles, would be the date for a new general election, as only that would present a more or less true picture of the electoral mood. After all, the Congress was returned when the CPSU was still in the saddle, when the USSR was still in existence, and when reforms had not been started as yet, moreover, according to the crafty bungling formula Gorbachev had devised. Hence nowadays these deputies actually represent nobody.

Why does Russia's lawfully elected President have to compromise with the Civil Union and none other? What other reasons are there for this except for the hazy feeling that the managerial executives really know what their workers want and are in control?

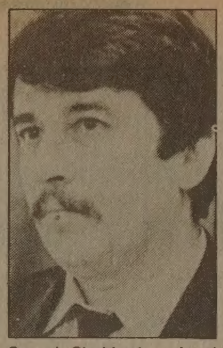
Only recently General Sterligov, reluctant to take a backseat in the National Salvation Front, changed his mind and averred he would not oppose Yeltsin, provided he sacked the current government and ask his, Sterligov's advice as of whom to choose for the new cabinet.

To cut a long story short, all these so-called political forces only say that a government without them is worse.

Haggling inappropriate?

As far as one can judge, compromise leans towards political haggling for ministerial posts. After conferring with the Civil Union people, President Yeltsin said he was amazed by their appetite. For the time being he has stressed that he will not condescend to haggle. After all, he is not at all obliged to count with leaders and blocs who, in effect, represent nought but themselves.

Galina Starovoitova, unexpectedly sacked



Sergei Shakhrai, a loyal supporter of the President

However, Yeltsin's eve-of-the-congress cabinet and staff reshuffles indicate a certain perplexity.

Thus, Valery Tyshkov, Chairman of the State Committee for Nationalities Policy, has resigned. This top-class academy researcher who accepted the job to draft a competent nationalities policy, enjoying priority in state affairs, did not hold office for long. Claimed to be a poor administrator, he confessed privately after his resignation that he had withdrawn because he could not follow laws that could only exacerbate interethnic tensions. Indeed, experts believe the law on the reinstatement of repressed nationalities and the Cossack decree haphazardly drafted.

Shortly afterwards Galina Starovoitova, Yeltsin's adviser on ethnic issues, was unexpectedly sacked. Of late she had been more popular abroad than at home, having acquired a conflicting reputation because of her active support of Karabakh's Armenians and championship of their right to self-determination – quite understandable as she had been elected from Armenia to the Congress of the USSR People's Deputies.

Galina Starovoitova was in her day one of the most radical leaders of Moscow's democrats and her appearance alongside of Yeltsin during the Russian Presidential elections was seen as absolutely natural. Indeed, at the time she was very much in the limelight, which added to Yeltsin's prestige. However of late she has had no influence on President Yeltsin at all. Like the other advisers, she was a purely nominal figurehead. Still her sacking came as a complete surprise as there had been no warning, no explanation, no chat even. President Yeltsin was none too courteous.

At one time it was rumoured in Moscow that Starovoitova might be appointed Defence Minister. She did not deny that and further, took the liberty of lambasting the military-industrial complex, for which evidently she has now come under the hammer.

Minister again

One sensational news item over the past week was Sergei Shakhrai's comeback. Now a Vice-Premier, he has taken over Tyshkov's job. A mere six months earlier he had been Yeltsin's deputy for government affairs and at one time had been in charge of the nationalities policy.

Shakhrai has long been one of Yeltsin's trustworthiest supporters even when the latter was Speaker of the Russian Parliament. However, the MPs abhor this intelligent, erudite lawyer. Truly amazing is the extent to which they simply cannot tolerate the brainy and the clever. Yeltsin probably realizes that Shakhrai's comeback will irk Parliament. Indeed, though he seemed to have been "exiled" for good to Parliament, his return shows that on staff issues President Yeltsin is not swayed by opponents or supporters.

As head of the President's legal office, Shakhrai has been censured more than once for offhandedly drafted edicts and their inferior juridical standard. Though it would be wrong to deny his mistakes (suffice it to recall the Decree promulgating a state of emergency in Chechen, which was fallacious not so much juridically as politically), still he is a capable, clever functionary devoted to the President, of whom there are not that many among Yeltsin's followers.

* * *

By now it is admittedly too late to wonder whether or not a compromise be worked out between Yeltsin and the Congress, between the government and the Civil Union. There will be a compromise be it even sham, as otherwise the deadlock will be broken only by calling a general election. Yet it is a fact that everyone, especially the Congress and the People's Deputies are greatly reluctant to have a general election that would clear the air and demonstrate the worth of every party, movement and front.

Consequently, the compromise coming up will be worthy of the Russian Parliament. We shall evidently see new men in key government jobs, which is most likely what the gist of the matter amounts to.

Marina Shakina

Once a home for an Ossetian or an Ingush... Now reduced to rubble

Ingushetia–Ossetia: a no-win situation

A second Caucasian war may break out in the Suburban Area. Should Russia take a hand?

After all, the outburst on the Ossetian-Ingush border which holds the record for a death toll per time unit did not come as a surprise, insofar as back in the spring of 1991 yet Ingush elders had frankly admitted that they were restraining the younger generation desirous of fighting for the Suburban Area exclusively by exerting prestige.

Provocative law?

That the clause in the law concerned with the reinstatement of ethnic units envisaging their repatriation within the 1944 borders was a mistake is noted by Russian and naturally Ossetian newspapers. Georgi Khizha, the Russian government's agent in the region issued a statement which to all practical intents disavowed the concept of territorial reinstatement.

Yet it should be noted that the Suburban Area problem erupted not in 1991, when the aforesaid law was enacted, but in 1957, when the borders of the then restored Chechen-Ingush Republic were modified. The Suburban Area, wherein around 60 percent of the total number of Ingushes had been living till 1944, was retained within North Ossetia. As no rational explanation was afforded, the Ingushes, who felt affronted and who were disgusted, believed that the Ossetians possessed specific capabilities for political intrigue.

Another generation has arrived since the younger Ingushes think their lands are occupied by Ossetians. With the passage of time the reciprocated animosity has intensified. Meanwhile the Ingush and Ossetian ancients, who still remembered the absence of enmity and territorial dispute between the two ethnic units prior to deportation gradually died, their place taken by others, who have tallied the slights as, for instance, that one Ossetian had barred an Ingush to his home and had furthermore added that Stalin had done the right thing, whereas another Ingush back from internal exile had been forcibly evicted. No wonder that by the 1970s and especially the 1980s both Ossetians and Ingushes knew that a war would break out between them sooner or later.

In this respect the law concerned with the reinstatement of nationalities played a double-edged role. On the one hand, the Ingushetian movement was channelled into a political and legal trend with organizations emerging that openly called for the return of the Suburban Area. They represented

not rebels but advocates of the law the Russian Parliament had enacted almost unanimously. Yet the said law had imparted the conviction that the issue would be resolved very shortly by Russia's top echelon. Which made for Yeltsin's particularly high rating during the Presidential elections in Ingushetian neighbourhoods and an Ingush reluctance to support "their brothers" – as both Ingushes and Chechens invariably call one another even when irritated – during the well-known Chechen crisis.

Khizha equivalent of Rutskoi

However as time sped by nothing changed. Some Ingush political leaders, like Niiskho ("Justice") Party boss Isa Kodzoev claimed that no trust could be placed in Russia as her leadership was duping the Ingushetians in the race for electoral backing, which meant that the Ingushes, relying on the help of their Chechen brothers, had themselves to resolve their territorial dispute with the Ossetians. Yet, still the more influential force, until recently that is, was the Ingush Popular Council under the pro-Russian moderate Beksultan Seinaroyev. What most heavily subverted hopes of Russian intervention was her decision to impose a moratorium on territorial recutting until 1995.

Moscow's indecisiveness here is more than understandable. However, it is not the aforesaid law that engineered the provocation, but the thumb-twiddling that followed, even though interrupted from time to time by determined but mutually exclusive declarations by one or another VIP. Thus at the Ingush People's Second Convention, Alexander Rutskoi loudly declared that he would assume the responsibility for the return of the Suburban Area and settle the matter very shortly. He merely said what he thought. Meanwhile Georgi Khizha said quite the opposite. However, the Ingushes regarded both as speaking for the Russian leadership; hence the dissonant views could easily be interpreted as perfidy, illustrative of "secret empire building interests."

At present it is hard to say what actually could have averted attempts to settle the matter by force. Yet a mere eighteen months earlier, democratically-minded Ossetian intellectuals had warned that it was vital to cope immediately with Ingushes' claims as to the return, by right of inheritance, of their homes. True, some, despite the obstruction by the Ossetian authorities, managed to buy back their homes from the Ossetian tenants. However, still remaining in the Suburban Area were some 200 disputed buildings. If efforts had really been taken to return these houses to their lawful owners, provided full compensation was paid out to the current residents, that would have played down the issue somewhat, even though not resolving it fully. At any rate, Ingushes would have taken that as a token of Russia's good intentions to actively intervene on behalf of this long-suffering nationality.

Today nothing is left of the Suburban Area, just rubble in place of those very same houses of their forefathers for which the Ingushes were prepared to die. The Ingushes say every single male resident in the conflict zone, which is separated from the border with Ingushetia by Russian armour, has been killed. So what have those who started the war achieved?

It all began when during military training operations in the Suburban Area two persons, one a 12-year-old girl, were accidentally crushed to death – although the Ingushetians believe this was no accident at all. The Ingushes say that this was followed by spontaneous protest as after all every Caucasian male carries arms. At any rate, no Ingush leader neither Kodzoyev, nor the more so Seinaroyev, nor Isa Kostoyev, the Russian President's representative in Ingushetia, will take the blame.

Meanwhile the Ossetians insist that thorough preparations had been made for the attack. Now and again it is intimated that the fighting had Moscow's tacit approval, and testimonials as to the well-organized manner in which this offensive was undertaken are adduced to confirm that.

Provided we discard customary attempts in such cases to discern "the hand of Moscow," it is highly doubtful as to whether the scattered indignant residents could in but a couple of hours fight on the approaches to Vladikavkaz.

Someone else's war?

The North Ossetian parliament approved but by a narrow margin the state of emergency that President Yeltsin promulgated. Its opponents stressed that Moscow's decision encroached upon the republic's sovereignty.

By now the Ossetians reproach the Russian troops of indecisiveness, claiming that actually the area had been cleared by Ossetians from South Ossetia, and that all the Russian troops had achieved was not to let Ossetians cross the border into Ingushetia. They at once proposed that North Ossetia should have its own army.

Meanwhile the Ingushes accused the Russians of over-reacting, claiming that it would have been easy to have stopped the offensive of the badly armed Ingushes without reducing their villages to rubble.

Moscow is apparently indeed guilty of miscalculation. Thus there was no point in dispatching as the President's spokesman a man who had already come out for the Ossetians, or the more so, his choosing Vladikavkaz as his sole residence insofar as in the Caucasus immense significance is attached to such things. Still if we currently undertake to analyze what President Yeltsin has been doing, it must be admitted that on the whole he has been demonstrating determination. After all, the chief executive may not simply look at blood being spilled in his country. The Constitution binds him to protect the safety of the citizenry against armed rebels of whatever nationality. Tough measures always have frightening consequences, and may be adopted only as a last resort, when inaction is still more dangerous. But such was the option in this case.

Currently fighting in the Suburban Area has ceased. Yet both Ingushes and Ossetians intimate that this is not the end. The Ingushes have an ingrained blood feuding tradition, with each relative obligated to exact vengeance for a kin slain. Though on the one hand this custom helps the Ingushetians to refrain from violence and even from insulting action – indeed, all who have ever visited Ingushes know that fights among them are much less in evidence than amidst their immediate Cossack neighbours – on the other hand, blood spilled inevitably cries for more blood and the animosity thus engendered may drag on for generations to come.

At a news conference, an intellectual-looking Moscow-based Ingush said a jihad had been declared against the Ossetians. In such circumstances, the disarming of either side is scarcely possible. Nor can we rule out protracted guerrilla warfare in the region, as the Ingushes will not tolerate its loss, while the Ossetians will not agree to the proposal voiced the other day by Sergei Filatov, the Russian deputy Parliamentary speaker, to place the area under Russia's jurisdiction.

It would be good could Russia decide whether it really needs a second Caucasian war, whether it should send Russian boys there to be killed, though they care not an iota as to whom the Suburban Area should belong.

Galina Kovalskaya and Marina Shakina

There are no candidates for a new Bonaparte

In vain do politicians appeal to the army. It stands on guard of the Motherland and its own interests and will not take part in political games

The army is tired of paying for political mistakes in Tbilisi, Baku and Vilnius. A paradoxical formula has been devised: the lawfulness of an order is determined by those who execute it

A new sharp aggravation of the political crisis in Russia again draws the attention of politicians, analysts and citizens to the army. How will the armed forces behave this time? Whose side will they take?

As usual, rumours are set afloat in such cases. The media comment on signs which apparently allow them to judge of the situation and sentiments in the army. In particular, they wrote about the resignation of three advisers of the Defence Minister and the order on concentrating small arms and ammunition for them at large depots. They also hinted at disagreements in the high echelon of the Defence Ministry and coming personnel changes in it.

Different comments were made on one and the same action, for instance, the October 22 statement of the Defence Ministry's board concerning the confrontation between executive and legislative power. *Izvestia* saw in it the vow of loyalty to the President and "the ideals of August 1991" while the newspaper *Krasnaya Zvezda* gave up a similar "party" approach. Thus, questions remain, as also apprehensions, fears and, perhaps, hopes.

"Non-losing" strategy in August 1991

First of all about fears. Some are afraid of a military putsch. They should not worry: there will be no such a putsch. The army did not and will not want to take power. Even in August 1991 it did not try to establish a military dictatorship, though the situation was much more favourable then.

It was not the military who hatched the conspiracy. By all indications, Marshal Yazov was not an organizer; he was rather involved in the plot. Among the top commanders perhaps only Varennikov acted resolutely and with conviction. The army on the whole (generals, officers and servicemen) spontaneously adopted a rather peculiar stand. It did not refuse to fulfil the orders of the Defence Minister (for it would mean a violation of the oath), but it did not fulfil them either.

From the standpoint of the armed forces it was an optimal variant. The army did not need a gain. But it was not in its interests

either to risk for the sake of others. Hence the "non-losing" strategy which proved rational and became a model for the army's behaviour in subsequent political conflicts.

In the last few years of *perestroika* Gorbachev's popularity among the military steadily declined. However, only a few officers (Alksnis and Makashov) openly came out against his policy. It is difficult to say now that the rating of President Yeltsin or his government in the army is higher than in the country as a whole. However, the number of servicemen in the National Salvation Front is not increasing. The readers of the newspaper *Den* (and there are certainly officers among them) are not yet members of the Front.

On the other hand, the enthusiasm of those democrats who think the army fully supports them is hardly appropriate. The heroic images of armoured carriers under the Russian tricolour and tanks under Major Yevdokimov's command near the parliament's building in August 1991 will not last long. A sober analysis of the situation played a greater part even in August 1991. Let's recall here the actions of General Lebed and his paratroopers at that time. A sober analysis has played an even bigger part in the subsequent period. Neither the army nor the Interior Ministry troops will defend democracy if this means a confrontation with the people which is in opposition to the government.

Interests, not ideals

Till now we have discussed what the army will not do. How will it act? The army certainly wants to see a strong state, law and order in the country and the security of its borders, and it is prepared to support the forces which, it believes, are capable of ensuring all that.

Having become part of the "new *nomenklatura*," the army command is traditionally closer to the President as the chief executive and supreme commander-in-chief. However, there can be no talk about the ideological affinity between the generals and the Gaidar cabinet. The stand of the high military command will therefore be determined by interests, not ideals.

It should be remembered at the same time that the army will support only what it will regard as a legitimate authority. The experience of events in August 1991 and, earlier, in Tbilisi, Baku and Vilnius has taught the military to fulfil only a written order in serious cases, virtually ignoring orders given by word of mouth. Furthermore, any order, a written too, must look lawful. Last year Shaposhnikov and Grachev created an important precedent consisting in a paradoxical formula: the lawfulness of an order is determined by those who are supposed to execute it.

As regards the stand on concrete questions, in the higher echelon of the army, as well as in its middle and lower echelons, the majority are prepared to defend the homeland and "their" interests. Judging by indirect admissions, the stand of the Defence Minister, who is closely linked with the President, is defined more clearly than the position of other board members of the Defence Ministry.

Personnel changes in the higher echelon are possible, of course, though the present composition of top officials in the Defence Ministry has just been formed under the guidance of Grachev, and by tradition they are personally connected with him. In the present circumstances a complete replacement of the higher echelon will give little effect and is extremely dangerous. However, some changes, including important ones, can have a natural and non-political character.

In August 1991, General Lebed, like many others, displayed restraint by taking no sides

Varennikov was the only general who actively supported the emergency-rule clique in August 1991. He was an exception from the rule

The Defence Ministry has just been formed under the guidance of Pavel Grachev

This does not refer to the three dismissed advisers of the Defence Minister. They have been and remain members of the coordinating council of the Shchit (Shield) organization. Relations between the Shield and the army leadership are complicated, and it would be naive to believe that the Defence Ministry system would not expel them soon. "Independence" within the Defence Ministry, on which these officers counted, has rather narrow limits.

Neutrality in favour of the homeland

Thus, what conclusions can be drawn? First, it is useless to look among Russian generals for candidates for a new Bonaparte. The army will not interfere in the political process by force.

As regards fears about the absence of control over the army, the parliament's inability to set up an effective mechanism of civilian control was compensated by actions of the President, who formed a Security Council. This body, which is growing more influential, strictly directs and coordinates the activities of all power institutions.

Second, the army does not obviously want to become involved in the internal political struggle by taking sides. Incidentally, it is an essential factor conducive to internal political stability. If the army is divided into "supporters" and "opponents" the political situation in Russia can grow into military-political. True, neutrality in favour of the homeland will objectively be favourable to the present authorities, executive power in the first place, and to those who lay claim to power. Till now, as events showed, the army has acted reasonably, though it was not easy for it to do that. We must be grateful to it for such position.

Dmitry Trenin

Elections in the USA and "chaos in Russia"

Presidential elections in the USA have always been an event in Moscow too, which isn't at all surprising, given that the two "superpowers" were connected like the pans hanging from a scale. But the fluctuations in the balance of this scale, which was the globe, was not always correctly interpreted in Moscow and Washington. I remember the elections of 1968 which I covered from the USA. The "reactionary" Richard Nixon's victory was met with dissatisfaction and fear in our country; nobody expected that he would become soon after the initiator of the first Soviet-American "detente," and two decades later, one of the main advocates of massive aid for Russia – unlike his one-time closest advisor Henry Kissinger who was nearly regarded as "the USSR's friend" in those days and who nowadays, speaking before a TV camera in Moscow, was unable to keep himself from giving the impression that, in his opinion, Russia's "revival" was fraught with danger to the USA.

It's precisely between the advocates of supporting Russia and those who still see in her a rival, possibly even a potential enemy, that lies the demarcation line in American political life which is of priority importance to Russia. Both the former and the latter are to be found among Republicans as well as Democrats, so Clinton's victory cannot be considered a guarantee of a free-from-conflict evolution in Russian-American relations. On the other hand, the one-time bearded beatnik and activist against the Vietnamese war will have to overcome less psychological barriers with regard to our country than George Bush who for years headed the CIA.

Bill Clinton has something else to overcome – his fear of "impending chaos in the former Soviet Union," to quote *The Washington Post*. According to the newspaper, this danger has literally "shocked" the candidate for the role of a "new Kissinger," the leading advisor to the newly elected President, Michael Mandelbaum, who had visited Moscow before the elections in the company of his famous predecessor.

Certainly, there is a danger of slipping into chaos, yet it's less likely in Russia than in most former Union republics. In fact, until recently there has been no bloodshed in Russia; it has been possible to settle ethnic and other conflicts using peaceful means. As for the sudden outbreak in the Ingush-Osset conflict, it looks rather artificial, it's an echo of "Caucasian wars" rather than a manifestation of internal controversies in the Russian Federation. After all, is it incidental that this "echo" reverberated on Russian territory nearly on the eve of presidential elections in the USA?

In any case, the developments in Ossetia, as well as in the Caucasus in general, show that Russia is not a source of chaos but a political force capable of preventing it from spreading all over one sixth of the earth. This is precisely how unbiased Western politicians interpret her role in the political, or rather, military-political sphere. A no less important, though extremely difficult role is played by Russia in the domain of socio-economic relations – that of a driving force for market-oriented and democratic reforms in the CIS states, outstripping most CIS countries, including Ukraine, in this regard. And although Bill Clinton, most consider, "faces internal American problems," he, judging by his pre- and post-electoral statements, is aware that support for Russia is in the interests of the entire world community, including the USA.

More than that, unlike the highly experienced pragmatic George Bush, the newly elected young President doesn't avoid references to moral issues. "We are indebted to the people who defeated communism," he said in one of his speaches made on the eve of the elections.

Indebted they certainly are, yet, returning to pragmatism, one can't help but remembering that presently the word debt is used by the West only regarding the money Russia owes to Western banks. The question of the postponement of repaying Russia's debts, vitally important for the success of reforms in our country, still remains unsolved by the Paris creditors' club and others. It seems that this is one area where Russia can rely on the new American President's cooperation, especially if his official position corresponds to his real one. Russia can also expect his help in changing the conditions for granting IMF credits to Russia, which resemble a boot which is too tight for her. After all, it is Washington that actually has the final say in the IMF.

Nothing is changed by the fact that Clinton, as is believed, advocates not so much credits and aid for the Russian government as private investments in concrete projects. Such investments are hardly possible without guarantees by state or partially state-controlled financial bodies because of the apprehensions caused by the instability in Russia's political situation.

The changing of the White House team will, hopefully, create new possibilities for settling discords over some important problems which have of late emerged in relations between Washington and Moscow, for instance, over sales of weapons to third countries. Perhaps it will become easier to reach agreement on such issues as the further strengthening of the non-proliferation of nuclear arms system.

Of course, it will be difficult to put these routine problems off till the end of January, when the presidential team is replaced. Nonetheless, we pin our hopes on new times. America has voted for renewal, we Russians would like it to be extended to Russian-American relations as well.

Dmitry Volsky

Choices sets up Moscow centre

It is hard to believe that even now, in 1992, most modern contraceptives are inaccessible in Russia, said Merle Hoffman, an activist of the American women's movement and president of the women's medical centre Choices in New York. A greater choice in contraceptives means fewer abortions. In the United States, 1.6 million abortions are recorded every year. According to official statistics, the corresponding figure in Russia is four to five million.

On seeing the scarcity of assistance to women in Russia, Merle Hoffman began to act without delay. She established cooperation with the personnel of hospital No. 53 in Moscow. The doctors who came together with her from New York, where Choices has effectively functioned since 1971, worked jointly with their Russian colleagues in Moscow.

Merle Hoffman said the Russian authorities welcomed the idea of setting up a Choices centre in Russia. Russian women will be able to receive their full information about contraceptives and family planning as well as medical aid, including assistance during childbirth. Patients will enjoy modern medical treatment and assistance by experienced doctors.

Love horses?

Moscow's first private horse-riding school has just opened at the Olympic horseriding complex in Bitsa, Moscow. It became very popular among Moscow residents including foreigners. Private business attracts the best of professionals in this country, and the new equestrian school is no exception. The school's chief trainer, Larisa Ivanova, a consummate athlete herself, has handpicked trainers who can coach groups, individuals, adults or children, regardless of prior experience. The school also boasts excellent horses, which could be the envy of the world's best stables. These horses are the private school's only asset so far. All other equipment and facilities – stables, lockerrooms, etc. – are leased from the Bitsa Olympic complex.

There is no place like Bitsa in Moscow to practice horse riding. Roofed riding halls and open spaces offer a chance to ride in any weather, and a good Russian forest is located a stone's throw from the stables.

No wonder, that many respectable guests of Moscow also became frequent visitors to the school, the more so they don't have to worry about language barriers. Both Russian and English are spoken there. To be sure, only experienced riders are allowed to venture into the forest, but after several practice sessions even beginners can enjoy a good ride in the country – something ordinary riding schools do not offer.

And what else does this school offer? Name anything connected with horses, and the school does it.

Moscow-Rio-New York festival

A jazz festival is to take place in three cities: Moscow, Rio and New York. Its program includes performances by leading Russian, Brazilian and US musicians who will play in the best concert halls and most prestigious jazz clubs. The festival will last for five days in each of the cities. Some of the best known jazz players will participate, including Igor Butman (saxophone), who played at world jazz festivals, Lenni Andrade, a Brazilian jazz star, (Lisa Minelli and Tony Bennet never miss her New York concerts), the New York voices, a U.S. vocal ensemble that is one of the most popular vocal groups and a commercial success everywhere.

George Avakyan, well known throughout the world as one of the oldest jazz world figures, is one of the organizers. Avakyan has organized concerts for Erroll Gardner, Johny Mets and other jazz greats. Avakyan will take an active part in licensing all concerts on radio and TV and hold negotiations with recording studios and represent the interests of the festival members.

The event is sponsored by the Vartan Music International Incorporated, the Atmosphere Music Incorporated and the Bluebird jazz centre.

Russian-German ecology bureau established

A Russian-German ecology bureau was set up in Berlin; the document establishing it was signed by West German Ecology Minister, Klaus Tepver, and his Russian counterpart, Victor Danilov-Danilyan.

The new structure will carry out joint projects in environmental protection, sensible use of the environment and reducing man's negative impact on the environment. The bureau will commission environmental surveys and help Russian and German enterprises establish contacts. The first projects are already in place, including the recycling of car tyres, construction of facilities to recycle electric bulbs to produce mercury and the production of technology to clean gas and liquids.

The bureau plans to offer a broad program of consultations and seminars for experts in Russia. It plans to expand its operations to cover all countries in Central and Eastern Europe.

New project on the horizon

To provide for Ukraine's participation in the creation of a European transport network and to accelerate the comprehensive development of Russia's transport system, the Ukrainian cabinet of ministers has undertaken to develop a project for the construction of a Southern Trans-Europe highway, specifically its Ukrainian section. The road will cross to Kiev from Hungary via Transcarpathia, the Ivano-Frankovsk Region, Ternopol, Khmelnitsky, Vinnitsa, Zhitomir, and it will include a thouroughfare to Poland via Lvov. The project will be coordinated in Ukraine by the Ministry of Investment and Construction.

Space station for sale

Russia plans to put the Soyuz–TM13 spaceship on the market.

In October of 1991 the ship flew to the Mir orbiter. Russia plans to sell it as a museum exhibit, hopefully for hard currency.

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DOSSIER

Russian Federation Law on Pledge

(Continued from No. 45)

Article 11. State Registration of Pledge

The pledge of an entire enterprise or other assets subject to state registration shall be registered with the body responsible for this registering unless this Law establishes a different registration procedure.

If the pledge of property is subject to registration by the state, the pledge agreement shall be regarded as concluded at the time of its registration.

Article 12. Consequences of Failure to Comply with the Pledge Agreement

Failure to comply with the established form of the pledge agreement invalidates the agreement, with consequences envisioned by the legislation of the Russian Federation.

Article 13. Appeal Against Actions Connected with Registration of Pledge

An interested individual shall have a right to appeal against a refusal to register or an illegal registration of a pledge at a court of law at the location of the registering body.

Article 14. Information on Registration of Pledge

A body that registers a pledge shall issue to the pledgee and pledger registration certificates, as well as excerpts from the register at the request of the pledgee, pledger and other persons concerned.

Article 15. State Fee for Registration of Pledge

A state fee is exacted for the registration of a pledge, the issue of a registration certificate, as well as for making excerpts from the register, its size set by the Russian Federation legislative acts. The applicant shall furnish to the registering body proof that he paid the state fee. Failing that, his application shall not be acted on.

Article 16. Responsibility of Registering Body

The body responsible for the registration of a pledge is also responsible for the damage done as a result of the violation of the registration rules by its employees.

Article 17. Registration of Fulfillment of Pledge-Covered Obligation

1. At the request of the pledger the pledgee shall issue to him documents confirming his meeting all or part of the obligations, with corresponding records to be subsequently made in the register.

2. When documents are received that confirm full or partial meeting of the pledge-covered obligation, the pledge-registering body shall immediately put this fact on record.

Article 18. Keeping a Pledge-Recording Book by the Pledger

1. Pledgers, legal or physical persons registered as an entrepreneur, shall be obliged:

to keep a pledge-recording book;

to make records in this book within ten days of the arising of a pledge, specifying the kind and subject of the pledge and the volume of pledge-covered obligations:

make the book available for familiarization by any concerned person.

2. The pledger shall be responsible for making timely and accurate records concerning a pledge in the pledge-registration book. The pledger shall reimburse full losses caused by failure to make these records or failure to make complete or accurate records, as well as failure to meet the responsibility to make the pledge-recording book available for familiarization.

Article 19. Pledger

1. A pledge giver may be a person who owns the subject of pledge as property or has it in undivided possession and management.

2. An enterprise which has property in undivided possession and management shall pledge an enterprise as a whole, its units and structures as property complexes, as well as individual buildings and structures with consent of the owner of this property or his authorized structure.

3. An agency may pledge the property in relation to which it acquired by law the right to manage it independently.

4. A right may be pledged by a person to whom the pledged right belongs.

MOSCOW BUSINESS WEEK

A leaseholder may pledge his leasing rights without consent of the lessor unless otherwise provided for in the leasehold agreement.

Article 20. Right to Manage Pledged Property

A pledger shall retain the right to manage pledged property unless otherwise provided for by law or pledge agreement.

The right to a pledged property may not be transferred unless the principal debt covered by the pledge is transferred to a new pledger.

Article 21. Subsequent Pledge of Pledged Property

Already pledged property may be put in pledge again unless this Law and the preceding pledge agreements say otherwise.

Article 22. Right of Previous Pledgee

1. If property is pledged that is already serving as collateral for a different obligation, the pledge rights of the previous pledgee remain in effect.

The subsequent pledgee shall have a claim on the pledged assets that is junior to that of the previous pledgee.

2. A pledger shall inform every subsequent pledgee about all preceding pledges of given property, as well as the nature and size of obligations that are covered by these pledges. A pledger shall cover losses any of his pledgees may incur due to his failure to meet this obligation.

Article 23. Pledgee's Claims That Are Satisfied from Pledged Property

A pledgee shall have a right to satisfy his claim in its entirety, as determined at the time of actual satisfaction, including interest, losses caused by delay in execution, and in cases provided for by law or agreement, a fine; required expenses in connection with the maintenance of pledged property and expenses for meeting the pledge-covered claim are also subject to be reimbursed.

Article 24. Emergence of Right to Lay a Claim to the Subject of Pledge

A pledge holder shall acquire a right to make a claim to the subject of pledge if at the time of the fulfillment of the pledge-covered obligation, it is not fulfilled, except for cases when by law or agreement such a right emerges later or by law the claim may be made earlier.

DOSSIER

Article 25. Subject of Pledge When Obligations Are Partially Met

Provided the debtor meets part of the pledge-covered obligation, the pledge is kept in its original volume pending a complete fulfillment of the obligation it secures, unless otherwise specified by law or agreement.

Article 26. Meeting Claim of Pledgee from the Subject of Pledge Consisting of Several Things (Rights)

If several things or rights constitute a pledge, a pledgee may at his choice satisfy his claim with the entire property or any of the things (rights), retaining the possibility of satisfying his claim later on with other things (rights) that constitute the subject of the pledge.

Article 27. Consequences of Satisfaction of Pledgee's Claim by a Third Party

Provided the pledgee's claims be satisfied by a third party, this third party acquires the claim and the lien securing this claim, the procedure thereof provided by the Russian Federation legislation for the cession of a claim.

Article 28. Procedure for Making Claim to Pledged Property

1. A claim to pledged property is made by the decision of a court of law, court of arbitration unless otherwise specified by law. In cases specified by the legislation of the Russian Federation, a claim is made without dispute, on the basis of a notary's record of execution.

2. The pledged property a claim is made to shall be marketed under the Russian Federation law of civil procedure unless otherwise specified by this Law or agreement.

A list of property of citizens that cannot be made a claim to is stated by the Russian Federation Civil Procedure Code.

Article 29. Meeting Pledgee's Claim Provided the Amount Generated from Selling the Pledge Is Insufficient to Meet the Claim

Provided an amount generated from the sale of a pledge is insufficient to fully meet the claims of the pledgee, he shall have a right, unless otherwise provided for by law or agreement, to recover the shortfall from other property of the debtor to which the claim may be made under the Russian Federation legislation, without recourse to the advantage based on lien.

Article 30. Return to the Pledgee of the Amount Generated from the Sale of the Pledge

If the amount generated from the sale of the pledge is in excess of the pledgee's claims secured by the pledge, the difference shall be returned to the pledger.

Article 31. Termination of Making a Claim to Pledged Property Through Fulfillment of Obligation

1. A pledger shall have a right to terminate the making of a claim to pledged property at any time before the sale of the pledge through the fulfillment of the pledge-secured obligation.

2. If the pledge-secured obligation provides for fulfillment by stages, a pledger shall have a right to terminate the making of a claim to the pledge through the fulfillment of the overdue part of the obligation.

3. Agreements restricting the rights of pledger under Items 1 and 2 of this Article shall hold no power.

Article 32. Preservation of Pledge When Pledge is Transferred to Third Person

A pledge remains effective if the right of property or full possession and management of the pledged thing or the right constituting the subject of pledge is transferred to a third person.

Article 33. Preservation of Pledge When a Claim is Ceded and Debt is Transferred

In cases when a pledgee legally cedes a pledge-secured claim to a third person or a pledger transfers a debt arising from a pledge-secured obligation to another individual, the pledge remains in force.

Article 34. Grounds and Consequences of Termination of Pledge

The right to a pledge terminates:

1) when the pledge-secured obligation terminates;

2) when the pledged property ceases to exist;

3) when the term of the right constituting the subject of the pledge expires;

4) when the right to the subject of a pledge is transferred to the pledger;

5) in other cases provided by law.

Section II. Pledge with Pledger Keeping Property

Chapter 1. General

Article 35. Subject of Pledge with Pledger Keeping Pledged Property

1. The subject of pledge with the pledged property continuing to be kept by the pledger may be enterprises, buildings, structures, apartments, transport means, space-based facilities and other property under Article 6 of this Law.

2. Divisible fruits may be the subject of pledge specified in Item 1 of this Article provided they do not become the object of rights of a third person at the time of their division.

3. The pledge of property that was transferred by the pledger for temporary possession or use to a third person is regarded as pledge and remains in possession of the pledger.

Article 36. Pledgee's Rights When Pledge Remains in Pledger's Possession

Unless otherwise specified in the agreement, a pledger shall have a right, when the property pledged remains in possession of the pledger:

1) check against documents and by actual inspection the state and terms of storage of the subject of the pledge;

2) demand that the pledger take measures required to preserve the subject of pledge;

3) demand that any person cease and desist from seeking the subject of pledge that threatens its loss or damage.

If the pledge is lost not by fault of the pledgee and the pledger does not restore it or does not replace it with other property of equal value with consent of the pledger, the pledgee shall have a right to demand an early execution of the pledge-secured obligation.

Article 37. Rights of Pledger with Pledged Property Continuing to Be Held by Pledger

Unless otherwise provided for by an agreement and law, the pledger shall have a right, in case the pledger continues to keep the property:

1) possess and use the pledged property in accordance with its purpose;

2) manage the pledge by alienating it, with the individual acquiring it also assuming the debt in the pledge-covered obligation, or by leasing it out.

Article 38. Pledger's Obligations with Pledged Property Continuing to Be Held by Pledger

Provided the pledger continues to keep the pledged property, and unless the pledge agreement provides otherwise, he shall be obligated to:

1) insure at own expense the full value of the pledge;

2) take measures to keep the pledge in good repair, including major overhauls and routine repairs;

3) notify the pledgee of leasing out the pledge.

Article 39. Consequences of

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Pledger's Violating Obligations with Pledged Property Continuing to Be Kept by the Pledger

Should the pledger violate the obligations under Items 1 and 2 of Article 38 of this Law, the pledgee shall have a right to make claim to the pledge before the time of the fulfillment of the pledge-covered obligation.

Article 40. Form and Registration of Agreement on Transport Vehicles and Space-Based Facilities to Be Put in Pledge

1. An agreement pledging civil aircraft, sea and riverine craft, rail rolling stock and space-based facilities shall be notarized.

2. A pledge of transport vehicles shall be subject to registration in the registers that are kept by state organizations registering civil aircraft, sea and riverine craft and other transport means.

3. The pledge of a facility intended for the study or civilian use of outer space, the Moon and other celestial bodies shall be registered in a special state register.

The pledge of a facility in outer space, on the Moon or another celestial body shall be registered in a register kept under international outer space law.

Article 41. Pledge of Land Plots

The pledge of land plots by persons who own them as personal property, provided this pledge does not fall under chapter 2 of this Section, shall follow a procedure established by the land and other codes of the Russian Federation.

Chapter 2. Pledge of Enterprise, Structure, Building and Other Facility Directly Connected with Land (Mortgage)

Article 42. Concept of Mortgage

A mortgage is putting in pledge an enterprise, structure, building, installation or other facility that is directly connected with the land, together with the occupied land plot or the right of use thereof.

Article 43. Form of Agreement on Mortgage. Registration of Mortgage

1. A mortgage agreement shall be notarized.

2. A mortgage shall be registered in the land book at the location of the enterprise, structure, building or another facility.

Property or the right to complete possession and management of the mortgage, when transferred from the pledger to another individual, shall be registered in the same land book in which the mortgage is registered.

3. The body that registers for the state the pledge of a whole enterprise shall submit the pledge registration information to the bodies keeping the land book, including the bodies located at the place where separate enterprise units are located.

Article 44. Mortgage of Enterprise

1. The mortgage of an enterprise shall cover all its assets, including fixed and current assets, as well as other values mentioned on the enterprise's own balance sheet, unless otherwise specified by law or agreement.

2. The pledger enterprise shall submit its annual balance sheet at the request of the pledgee.

3. Provided he fails to meet the obligation covered by the mortgage of the enterprise, the pledgee shall have a right to take measures to improve the enterprise's financial standing under the mortgage agreement, including appointment of representatives in the enterprise's management, restriction of the right to dispose of the products and other property of the enterprise.

Should these measures prove inefficient, the pledgee shall have a right to make a claim to the mortgaged enterprise.

4. When a claim is made to a mortgaged enterprise, it is auctioned off as a single unit under the Russian Federation legislation.

Article 45. Early Fulfillment of Obligation Secured by Mortgage

A pledger shall have a right to meet the mortgage-covered obligations in full at any time unless the mortgage agreement precludes the possibility of subsequent pledge of the same mortgage.

Chapter 3. Pledge of Commodities in Circulation and Processing

Article 46. Particulars of Pledging Commodities in Circulation and Processing

1. When commodities in circulation and processing are put in pledge, the composition and nature of the pledged commodities (stocks, raw materials, materials, semi-finished goods, finished goods, etc.) may be changed on condition that their total value is not decreased in relation to that mentioned in the pledge agreement.

The cost of the pledged goods in circulation and processing may be decreased in proportion to the fulfilled part of the pledge-covered obligation, unless otherwise provided for by the agreement.

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2. When commodities in circulation and processing are put in pledge, the commodities sold by the pledger cease being in pledge at the time when they pass into possession, complete management or administration of the buyer, and the commodities acquired by the pledger that are mentioned in the pledge agreement shall be put in pledge at the time when the pledger acquires property in them or complete management.

Article 47. Content of Agreement on Pledge of Commodities in Circulation and Processing

An agreement on the pledge of commodities in circulation and processing shall define the kind of the pledged goods, its other essential features, the general value of the pledged property, the place it is located at, as well as the kinds of commodities that may replace the pledged property.

Article 48. Pledger's Rights When Commodities in Circulation and Processing Are Pledged

When commodities in circulation and processing are pledged, the pledger shall retain the right to possess, use and dispose of the pledged property, provided he complies with the rules in this Chapter.

Section 3. Pledge with Pledged Property (Thing) Transferred to Pledgee (Pawn)

Article 49. Concept of Pawn

1. A pawn is a pledge agreement under which the pledged property (thing) is transferred to the pledgee for possession.

2. By agreement between the pledgee and pledger, the pledger may continue to keep the pawned asset under lock and seal of the pledgee (clear pledge). The pledger may keep a certain thing, with the description of the signs testifying to its being in pledge.

The rules of this Section apply to clear pledge insomuch as their use is not in violation of the essence of relations between the pledger and pledgee in such a pledge.

Article 50. Pledgee's Obligations as Regards Pledge

When a pledge is made, a pledgee, unless otherwise specified in the agreement, shall:

1) insure the full value of the pledge at the expense and in the interests of the pledger;

2) take measures required to preserve the pledge;

3) notify the pledger on short notice in case of a threat of loss of or damage to the pledge;

4) regularly send to the pledger a report concerning the use of the pledge if it can be used under Item 1 of Article 51 of this Law;

5) return the pledge on short notice after the pledger or a third person fulfils the pledge-covered obligation.

DOSSIER

A pledger shall use the pledge to generate profits in the interests of the pledger in case this is provided for by the agreement.

Article 51. Rights of Pledger When Property Is Put in Pawn

1. A pledger shall have a right to use the pledge in cases that are explicitly mentioned in the pledge agreement. The profits and other gains the pledger earns through the use of the pawned asset shall be used to cover the expenses for the maintenance of the pawned asset, as well as are credited toward the repayment of the debt interests or principal arising from the pawn-covered obligation.

2. Should a real danger emerge that the pawned asset may be lost or sustain damage not at the fault of the pledgee, he shall have the right to demand the replacement of the pawned thing, and should the pledger refuse to meet this demand, make a claim to the pawned asset before the time of the fulfillment of the pawn-covered obligation comes.

Article 52. Possibility of Early Fulfillment of Pawn-Covered Obligation

Provided the pledgee keeps or uses the pawned asset in an inappropriate manner the pledger shall have a right to demand the termination of the pledge or fulfill the pawn-covered obligation ahead of time.

Article 53. Pledgee's Liability for the Loss of or Damage to a Pawned Asset

1. A pledger shall be liable for the loss of or damage to the pawned asset unless he proves that the loss or damage were not his fault.

If the pledger is a pawnshop or another entrepreneur whose line of operation is to offer loans with property as security, exemption from liability is only possible if the pledger proves that the loss of or damage to the pledged thing were due to force majeur, or design or flagrant carelessness of the pledger.

2. Putting things in pawn, the pledger shall be liable for the loss of the pawned thing, to the extent of the full value of what is lost, and in case the pawned thing is damaged, to the extent of the amount the pawned thing loses in value. If the pawned thing was valued when it was taken in pawn, the pledgee's liability cannot exceed this value.

The pledger shall indemnify the pledgee for all losses in connection with the loss of or damage to the pawned thing, if the law or agreement says so.

Section 4. Pledge of Rights

Article 54. Rights as Subject of Pledge

1. A pledger's rights of possession or use, including a leaseholder's rights, other rights (demands) arising out of obligations and other property rights may be put in pledge.

2. A right with a definite life may be pledged only before its life has expired.

3. An agreement on putting rights in pledge defines the cost of the pledge by agreement of the parties if the rights are not valued in money terms.

Article 55. Content of Agreement on Pledge of Rights

In addition to the terms specified in Article 10 of this Law, the agreement on pledge shall mention the individual who is the debtor in relation to the pledger. The pledger shall notify his debtor of the pledge of the rights.

Article 56. Liabilities of Pledger in Putting Rights in Pledge

When rights are put in pledge, unless otherwise specified in the agreement, the pledger shall:

1) take actions that are required to make the pledge of the rights stand;

2) not cede the pledged right;

3) not take actions leading to the termination of the pledged right or the decrease of its value;

4) take measures required to protect the pledged right from designs on the part of third parties;

5) notify the pledgee of changes to the pledged right and its violations by third persons or of claims on the part of third parties on this right.

Article 57. Pledgee's Rights in Putting Rights in Pledge

When rights are put in pledge, unless otherwise provided for in the agreement, the pledger shall have the right:

1) irrespective of whether the time has come for the pledge-covered obligation to be fulfilled, to demand in court of law or court of arbitration the transfer to himself of the pledged rights if the pledger failed to meet the responsibilities provided for in Article 56 of this Law;

2) act as a third party in a case in which a suit in connection with pledged right is considered;

3) if the pledger fails to fulfill the obligations provided in Item 4 of Article 56 of this Law, take autonomous measures that are needed to protect the pledged right from violations on the part of third persons.

Article 58. Consequences of Fulfillment by Debtor of Obligations Before Pledger

1. Provided the pledger's debtor fulfils his obligations before the fulfillment of the pledge-covered obligation, everything the pledger receives in the process is put in pledge, of which the pledger shall notify the pledgee on short notice.

2. When recovering funds from his debtor toward the fulfillment of the obligation, the pledgee shall, by request of the pledger, transfer corresponding amounts towards the fulfillment of the pledge-covered obligation, unless otherwise specified in the pledge agreement.

Guarantees of Parties' Rights When Property Is Put in Pledge

Article 59. Protection of Interests of Pledger When His Rights and the Pledger's Rights to the Property Are Terminated for Reasons Provided by Law

1. Provided the Russian Federation or a republc within the Russian Federation promulgates legislative acts terminating the lien on or the pledgee's right to the pledged property, the losses caused to the pledgee as a result of the promulgation of these acts shall be fully recompensed to him by the Russian Federation or the appropriate republic within the Russian Federation. Damage disputes are settled in a court of law or court of arbitration.

2. Provided property is terminated in the pledged assets or the pledged rights expire in connection with the decision of a state administration body, which does not directly seek to seize the pledged property or pledged rights, including a decision on the seizure of a land plot occupied by the pledged houses, other structures, buildings or plantings, the losses the pledgee incurs in connection with this decision shall be recompensed to the pledger in full by this state body at the expense of the funds it has at its disposal. Disputes in connection with damages shall be settled by a court of law or court of arbitration.

Article 60. Invalidity of Acts Violating Law on Pledge

1. Provided a state administrative or local administration body's act, not in accordance with the legislation, violates the pledgee's rights, this act shall be recognized as invalid by a court of law or court of arbitration at the request of the pledgee.

2. The losses the pledgee incurs as a result of the issue of the act mentioned in Item 1 of this Article shall be recompensed in full by the appropriate body of state administration or local administration.

Boris YELTSIN,
President of the Russian Federation,
Moscow, House of Soviets of Russia
May 29, 1992,
No 2872-1

MOSCOW BUSINESS WEEK

Russia has only a few Chinese,

hence the Chinese path won't work here

Why are the Chinese succeeding in their reforms while we in Russia are dragging our feet?

It should be noted, however, that in China too far from all reforms were going well at the initial stage. It was not very clear how to effect them. The Chinese made mistakes and searches for optimal variants. However, the search did not last long, and the results soon confirmed that the right variant to economic reforms was found.

Maoism quietly abandoned

It will be recalled that even after Stalinism had been denounced by Khrushchev it lived on in our country for many years. Stalinism remained mainly because the foundation on which it rested was unfortunately not alien to our nation. Despite its attempts to link Marxism with Chinese realities, Maoism proved essentially alien to China. Therefore it was junked right after Mao's death. But it was junked in the Chinese way, without aggravating tensions, with the evident desire of the Chinese leaders to save face, not to mention the wish to preserve the ruling class who identified themselves with Maoism and the communist regime.

Let me say that in this respect Maoism was amended when its founder was still alive. The changes led to inner-party wrangles and the "cultural revolution" carried out by red guards (hongweibing) loyal to Mao, young people less linked with traditions than others and, at least for this reason only, less Chinese than others.

But life got back to normal, and the red guards became normal Chinese. That is why little has remained of Maoism in China today. This process was also stimulated by reforms connected with the policy and activities of Deng Xiaoping, who actually led China after Mao and continues to lead it into the present.

"De-maoization" is far from over. Moreover, its not very noticeable yet, at least outwardly. China is still governed by the Maoist Communist Party. However, few observers and analysts doubt that the days of Maoism and the Communist Party are numbered. Not only because the 14th Party Congress demonstrated the victory of Deng's reform policy leading to the formation of a market and private-ownership structure on the Japanese, Taiwanese or South Korean model. Nor because the congress replaced almost half of the members of central party bodies with advocates of a market economy. The key is that China's transformation according to a market and private-ownership model has become an irreversible process. There is no way back, and those who are unable to understand that are gradually weeded out.

Portraits of the "great helmsman" hang everywhere, even on railway engines, but his behests are not followed

This is done with the aim of helping officials to save face, the tradition so valued by the Chinese, for they are dismissed with honours and continue to enjoy many of their former privileges. The aim is also to avoid conflict and maintain a stable harmonious balance. There is yet another reason. No haste can be made in such an important matter as the radical transformation in ways of life.

Why Gorbachev failed with economic reforms?

Did they make haste or not? If we look at the time schedule, everything was done rather quickly, and the initial consistant and quite tangible results, including a sharp rise in rural living standards, became visible three or four years after reforms had been launched.

In Russia, we talked about reforms for a long time. However, we began them only about a year ago. Perhaps appreciable results will be felt in our country within two or three years. I have in mind appreciable changes in the living standards of the people. The trouble is that people have gotten tired of living in expectation of better days. Their potential and patience were exhausted by the previous six years of changes which bore no relation to substantial economic reform.

Today the political opposition to the reform cabinet often refers to the Chinese model, believing almost seriously that we should have adopted the Chinese way and can still do so by a change in policy.

In his report to the parliament early in October Vice Premier Gaidar stated that we cannot adopt the Chinese path because the moment for doing so has already passed and deputies themselves had closed this path for Russia by their statements about sovereignty.

The matter should be cleared up not so much for the sake of polemics with Gaidar, who by touching on the Chinese model

High-rise buildings, shares and holding companies are now normal in China

merely beat off the attacks of his opponents. Those who continue to hope that the Chinese model could be adopted for Russia should be given an explanation on why this is impossible.

The main thing is not that in China reforms are being carried out slowly and gradually, without shaking the foundations of the communist regime, at least outwardly. Gorbachev did the same during the initial years of *perestroika*. But he was unable to initiate the process of economic reforms. He failed to do that because our economy was different, and herein lies the crux of the matter. First of all, individual peasant farming was abolished and replaced by the collective and state farm system where people lost incentive to work. Second, a greater part of industry and the urban economy was rigidly geared towards military production.

Chinese model unacceptable to Russia

Military production exists in China too, its role, however, in the national economy stands no comparison with the situation in our country. The Chinese economy produces mainly consumer goods.

In Maoist China there were also communes, a type of our collective farms. But their members were real peasants unlike collective farmers in the Soviet Union. Peasants constitute the overwhelming majority of China's population. They were not depraved by the inability and unwillingness to work hard or by vices connected with that unwillingness. Moreover, the Chinese peasants continued to preserve the traditions of labour and social discipline. That is why the first stage of reforms, when the peasants were freed of communes, given land and the right to sell t heir products on the market, yielded an immediate effect, though the foundations of the regime remained almost intact. When it turned out that the initial steps of city reforms had been taken in the wrong direction (with emphasis on the expansion of heavy industry), the reform was corrected.

Could we begin the reform in the countryside first? Unfortunately, there was no chance of success there. That is why all plans and hopes were connected with economic reform in the cities. Reformers, however, met with fierce resistance from the section of the military-industrial complex, which saw no place for itself in a reformed economy, because it was fully subsidized by the state. No correction, like the 500 Days programme, could help in this respect.

The leadership, against its will, had to begin with political reforms. This led to the breakdown of the USSR, and the idea of sovereignty came to the fore. In our country the economic reform could not be effected without a destruction of the great-power system, and the latter was protected by the powerful military-industrial complex and the major power structures (the party, KGB and top brass) which represented its interests. This explains why the Chinese model had no chance of success in our country.

Vice-President Rutskoi once noted that transformation after the Japanese model is impossible in Russia because it has too few Japanese for this purpose. However, he believes that for some reason the Chinese model is acceptable. Let me note that the Chinese model is not realistic in our country because it needs the Chinese with their traditions, culture, labour discipline and high moral standards, indefatigability, modesty and permanent desire for harmony between people, between people and nature, and between society and the state. Precisely these factors explain today's success of the Chinese model of transformation. Such factors do not exist in Russia, and this explains why our reforms began with the sorting out of relations between people, nationalities and states.

Turning their eyes to the East

The 14th Congress of the Chinese Communist Party insisted on allegiance to the socialist idea. It called for advancing towards a "socialist market economy." Indeed, in the process of a slow transition from the old to the new, China has today both a market and the socialist economy.

The congress vowed that the party will be loyal to the ideas of socialism, Marxism and Maoism, and threatened those who inclined towards liberal democracy. However, few people are frightened by these threats while less and less people continue to believe the party's vows. Everyone is busy with his own affairs, and the nation on the whole is slowly forging ahead, but not towards liberal democracy directly, because

Jiang Zemin, General Secretary of the Chinese Communist Party (left), and Li Peng, Premier of the State Council, set the tone at the 14th Party Congress. But power in China is still in the hands of Deng Xiaoping

ways did. It was also an accepted practice sanctioned by centuries-old tradition. The Russian tradition is basically close to the Asian authoritarian one. Just as the Chinese, the majority of people in our country are far from liberal democracy. It is one of the main reasons why many of the present leaders and those striving for power turn their eyes to the East (or, say, to Chile) in the search of a model to be copied.

few in China know in general what it means. China is moving along a path of reforms. This path leads the country towards the Japanese-Taiwanese model of development usual for present-day countries of the Far East.

Japan, Taiwan and South Korea have come to their present-day prosperity and liberal democratic society through tough authoritarian regimes. The traditions of these countries had to be adapted to the new realities of the market and private-ownership system. This task was assumed by regimes which ruled almost as they al-

Needless to say we are not the Chinese. Unfortunately, we are not Chileans either. We differ from all others (here is the basis for our national-patriots), and not only because there are no peasants in Russia. Instead of peasants we have tens of millions of dispossessed and uprooted individuals with a corresponding psychology. We differ from others not only because our industry and science and most skilled personnel worked for war, not the people, but also because our economy at large failed to work for the people. The people were not usually respected in the Soviet Union. It was merely stated that "the party and the government" showed concern for them.

One can understand those who have complained for many years with persistence worthy of a better application that totalitarianism in the Soviet Union has been replaced by a non-authoritarian regime. Indeed, could an authoritarian regime really help? Unlike in China or Chile, in Russia I doubt very much. It is impossible to control the labour of every person. For the above-mentioned and many other reasons people in Russia have long grown out of the habit of working well. A tough regime would at best restore the status quo. But again, this would be disastrous for our country with its inflated defence industry and ruined agriculture. Any authoritarian government in Russia would not have the funds nor the prestige nor trust needed for reforming both industry and agriculture. Though we are not prepared for democracy, fearing a free market so alien to us, and hate the rich (because we have been educated so), one thing is quite evident: only democratic reforms in every sphere of our life can change us all for the better and, together with us, our life and the life of coming generations.

Leonid Vasiliev

Photos from Der Spiegel (Germany) and Newsweek (U.S.)

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We're pretty poor for having so many diamonds

Moscow is going to revise the unprofitable contract with the South African company De Beers Consolidated Mines Ltd. It's not enough, however, to make us rich

After 9 months of intense work, the Supreme Soviet Commission for Reorganizing Russia's Diamond Complex advanced recommendations which provide a basis for a quick reorganization of this industry, the country's second (after the export of energy carriers) source of currency income.

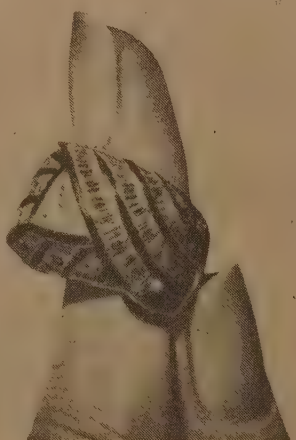
Information about the functioning of this industry, in which about 100 thousand Russian citizens are employed, is still kept secret, which gives fertile ground for rumours, conjectures and phantasies about how uncut diamonds are mined and sold. Of late, these have been supplemented by contradictory information concerning Russia's relations with a world monopolist in buying and reselling uncut diamonds, the South African company De Beers Consolidated Mines Ltd., as well as about the role played by the Saha (Yakut) Republic in the diamond industry (the latter mines 98 percent of Russian diamonds).

Russia is one of the seven countries which taken together account for 80 percent of the world output in these precious stones. The remaining six are Botswana, South Africa, Angola, Namibia, Australia and Zaire. On the whole, diamonds are mined in 20 countries on four continents, and even from the sea bottom.

In the Mafia's shadow

Last year 12 million carats of jewellery-class diamonds were mined in Russia, the greater part of them being sold to the De Beers company as raw material. Only about 2 million carats were directed to our facetting factories. However, the paradox is that the diamond facetting industry is unprofitable in our country. In the same year the facetting factories of the industrial association Chrystal received a 200 million ruble subsidy from the state.

At the same time, Israel which doesn't mine diamonds but which is one of the world centres for their facetting made a $650 million net profit by selling diamonds in 1991 – the country bought $2,200 million worth of uncut diamonds and sold a $2,850 million worth of jewels. So why is our diamond complex so inefficient? Some see the reason for it in an imperfection in the industry's structure: we have 14 thousand "bosses" to 10 thousand diamond-cutters, while in Israel this ratio is only 1 thousand to 10 thousand.



"The assertions by the press about the existence of a diamond mafia are largely true," believes Co-Chairman of the Parliamentary Commission for Reorganizing the Diamond Complex Leonid Gurevich. According to the information in his possession, this mafia emerged in the 1960s. The MP is sure that the economic model on which the diamond complex was based and which was investigated by the Commission "was, in fact, organized by our mafia." "Everything was so smartly arranged," he went on to say, "that it allowed corrupt people to make large profits practically uncontrolled."

The Commission formed 9 months ago was assigned the uneasy task of formulating a plan for

reorganizing the entire industry. "Our goal was to preserve the industry while adapting it to free-market relations, in order to increase the currency income we derive from the sales of uncut and facetted diamonds," says Leonid Gurevich.

25-century-long path

There are no two absolutely identical diamonds in the world. Diamonds are classed into six and a half thousand categories according to their form, quality, colour and size. Russian diamonds are known by a specific name of "Russian merchandise" in the world market. Russia has a good percentage of pure diamonds which are rather expensive.

They started to mine these hardest of minerals for the first time in India 25 centuries ago. It was then that they were called "azira" (undestructible) and "lohadshit" (the conqueror of metals).

The contemporary production of diamonds is largely connected with the discovery of large deposits of this mineral in South Africa in the last century. The first shining stone weighing 21.5 carats was found in 1867 on the bank of the Orange River by the son of a Boer farmer. Thousands of seekers of adventures rushed to South Africa after easy money. Large deposits were discovered and companies for mining and selling these precious stones sprung up.

The world-famous company De Beers emerged at about the same time. It was founded by an Englishman Cecil Rhodes. Early in this century the company became Ernest Oppenheimer's property. Later he started the London-based Central Selling Organization which sells diamonds.

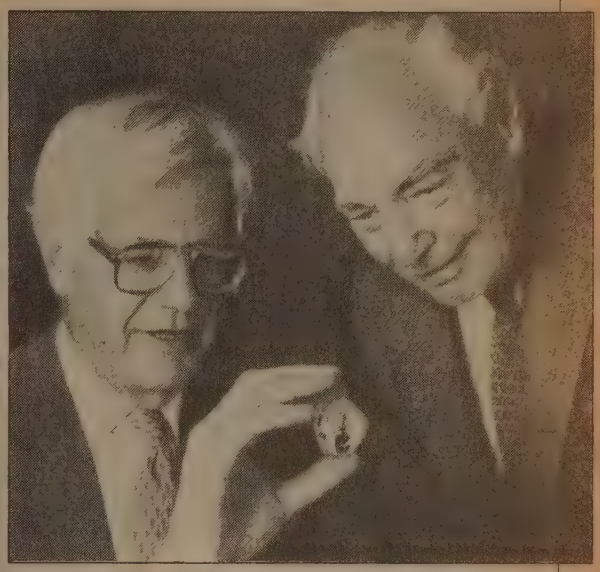
They are not needed, in fact

Diamonds disclose their hidden beauty only in the hands of a master who, with no small amount of effort, turns stones into shining many-facetted brilliants. The art of facetting and polishing has been perfected for centuries. Sometimes it takes weeks and even months in order to reach perfection and make the stones shine and sparkle.

Today facetting is practiced in many countries, but its main centres are in the USA, Belgium, Israel and India. It plays a very important part in these countries' economies: there are 750 thousand diamond-cutters in India alone. In Israel, 10 thousand diamond-cutters provide the country with 25 percent of its overall export income.

These stones are not top priorities. As a rule, people buy diamonds when they already have a fridge, a TV, a car and a house. And yet the rate of mining this most precious stone on earth has grown more than six times during the last 40 years, prices have jumped 17.5 times.

According to Leonid Gurevich, the diamond market is no less peculiar than the merchandise itself. "In the usual sense of the word, there is no market as such," he claims. Actually, this commodity is distributed by the Central Selling Organization (CSO) of the De Beers company which controls 80 to 85 percent of sales of all diamonds mined in the world. Last year it sold $3,927 million worth of these stones. True, this is 6 percent less than the preceeding year, nevertheless its funds grew by 350 million dollars amounting now to 3,034 million dollars.



Chairman of the De Beers Board Julian Ogilvie Thompson demonstrates to Harry Oppenheimer a diamond called "Centenary" which weighs 273 carats

According to Julian Ogilvie Thompson, Chairman of De Beers' Board, in 1991 the operations on the diamond market were carried out "in a completely complicated situation" because of the Gulf War and the economic slump in many countries of the world. On the whole, this corroborates the opinion of experts that "the diamond market is as firm and brittle at the same time as diamonds are themselves."

The Central Selling Organization sells its commodity to approximately 150 well-known big sellers and factory owners. As a rule, each client specializes in a definite assortment of diamonds. Ten times a year clients come to exhibitions arranged in London, Lucerne (Switzerland) and Kimberley (South Africa). Prior to that, they communicate their concrete wishes through brokers of five brokerage firms.

The unwanted wife...

To use the picturesque phraseology of Valery Rudakov, former head of the Rosalmazzoloto and present head of the company

South Africa's largest mine Venetia is situated in the north of Transvaal

Russian Diamonds – Saha, Russia's (earlier the USSR's) relations with De Beers resemble those with an unwanted wife – hard to stay and impossible to leave.

Thirty-odd years ago, soon after the beginning of exploiting diamond deposits in Yakutia, the Soviet side signed an agreement on diamond sales with De Beers. With the special intent to bypass international sanctions against South Africa, De Beers started a London-based company – City East and West, which allowed the USSR to sell it its precious minerals.

In July 1990 De Beers and Glavalmazzoloto concluded a five-year contract for the amount of 5 billion dollars. At the same time the company granted the Soviet Union a billion dollar credit to be paid by future diamond supplies. Under this agreement, we were obliged to sell 95 percent of uncut diamonds through the CSO.

A new stage in the evolution of our relations was the opening of the De Beers office in Moscow this September. "This was made possible as a result of political changes in Russia and South Africa," said Nicholas Oppenheimer, Deputy Chairman of the company's Board at the inauguration ceremony. Having noted the unsatisfactory state of affairs on the diamond market, he said it was necessary to coordinate activities in the spheres of mining and selling this mineral. "We can't do without each other," he emphasized.

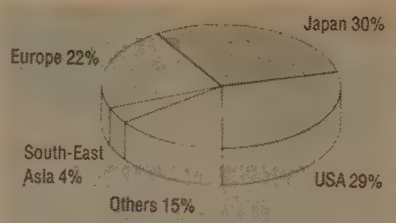
There can be no doubts that Russian diamonds are a tasty morsel to De Beers. It's not at all surprising that the company delegated a whole detachment led by the guru of the diamond empire, 84-year-old Harry Oppenheimer, to the inauguration of its Moscow office.

He succeeded his father Ernest Oppenheimer who passed away in 1957, and headed the De Beers Consolidated Mines Ltd. for 27 years.

Harry Oppenheimer enjoys the reputation as the company's ultimate troubleshooter. The relations between De Beers and Russia seem to need precisely his services now.

The public appearence

The De Beers bosses tried to emphasize two main points at their press conference in Moscow: that the state of the world diamond market is unsatisfactory today and that its future largely depends on the outcome of the debates over the destiny of the diamond complex in Russia. The presenting of $300,000 worth of valuables to the Russian Cultural Fund didn't pass unnoticed either. In this many saw analogies to the methods employed by the Soviet Union's recent partner, the late Armand Hammer.



World retail sales of diamond jewellery in 1990 (US dollars)

At first sight, says MP Leonid Gurevich, De Beers is simply plundering us, a closer analysis of the agreements shows that "not all provisions stipulated by them are acceptable to us."

One of the these provisions is that the Russian side is allowed to sell the five-percent diamond leftover independently, but only in Moscow. However "there has never been a diamond market in Moscow, and no serious wholesale purchaser will ever come here. Such sales don't afford us to control the prices at which we sell diamonds to De Beers," emphasized the Co-Chairman of the Commission.

At the same time, De Beers' trade with other countries, for instance with Australia, is more advantageous to them. "I don't at all intend to rupture relations with De Beers, because both sides reap their shares of profit," continues Leonid Gurevich. In his opinion, the only problem is "what sort of profit is this – that of a partner or that of a bondage?" To his mind, Russia's legal succession to the USSR applies only to its international agreements. As for the contract with De Beers, this isn't an agremeent between the USSR and the diamond empire, it was concluded by two commercial organizations. Besides, the force majeur situation, i.e., the disintergration of the Soviet Union as a result of the August putsch, should be taken into consideration, too.

Leonid Gurevich believes that, from the economic point of view, to preserve the status quo isn't expedient even for De Beers: if the company misses the opportunity to buy precious stones from Yakutia which account for a considerable share of its diamond turnover, it could become fatal to it.

It's hard to forsee the course of developments "in case De Beers fails to prove that, as a partner in the existing agreements, Russia participates in a business profitable to her." It's rather demonstrative that the De Beers' leaders poposed to introduce Russian representatives onto its Board and sell part of its stock to Russia.

Yakutia as a full-fledged partner

A year ago Leonid Gurevich promised De Beers' bosses that "we'll discuss our relations only after we put things in order in our domestic affairs." "We're completing this process now," he has said recently, "I think we'll be conducting negotiations within the two or three months to come."

One of the main conclusions reached by the Parliamentary Commission was the recognition of the necessity to preserve the state monopoly for diamond mining and treatment, although this is going to present certain problems, since market relations will have to be introduced at the same time.

A new structure of the industry has been suggested whose core will become the Joint Stock Company Russian Diamonds – Saha and the Federal Diamond Centre. The former will mine all diamonds on the Yakutian territory, sort out uncut stones and sell them. In fact, this company founded by the Russian government and the government of the Republic Saha will be the monopolist on the Russian diamond market. However, the governments of Russia and the Republic Saha will retain the right to veto any decision by the joint stock company. The state retains its say in formulating general policy in this sphere through the Federal Diamond Centre whose functions will also include supervision over trade in uncut diamonds.

Thus Yakutia which tried to act absolutely independently has resumed cooperation with Russia, having acquired nevertheless considerable economic freedom. According to various estimates, it will be authorized to sell 10 to 20 percent of its diamonds independently. Now touchy negotiations with De Beers hang in the air.

Sergei Nikishov

Greatest secret of the Party Secretaries

The original protocols of the Ribbentrop-Molotov Pact have been found. Two thousand "top-secret folders" more are waiting to be hanked out of the Kremlin archives and into the daylight

"God's mills grind slow, but they grind woe." Documents from the mysterious "Kremlin" (or "presidential") archives have at last started to be published. The Katyn papers were the first to come to light, then secret Soviet-German agreements of 1939.

Most paradoxical of all is that these documents are not in high demand just now. Everyone already knew about Katyn long ago, and the existence of secret protocols was an established fact half a century ago when it was recognized by the Soviets at the highest level after the Parliamentary Commission of the Congress of the USSR People's Deputies had completed its work directed by Alexander Yakovlev with superb political skill in 1989. Does this mean that only professional historians will find it interesting to rummage through the details and, as a poet has put it, "dig in fossilized shit?" Not at all. As the protocols themselves were one of the more clear examples of Stalinism in Soviet foreign policy, so is their destiny no less convincing evidence of the profound disease contracted by the system which engendered them.

Of late, the weekly *New Times* has more than once published materials on the protocols signed August 23 and September 28, 1939. Now after the press conference held by Chairman of the Russian Archives Committee Rudolf Pikhoya, Dmitry Volkogonov (famous for his biographies of Stalin and Trotsky) and, of course, Alexander Yakovlev, the very history of the protocols has acquired a new dimension.

The protocols' two lives

The protocols have lived sort of a double life during the entire postwar period. Their first life was the official one in which there was no place for them. When in March 1946 additional, top secret supplements to the well-known Soviet-German agreements of 1939 were mentioned at the Nuremberg Trial in spite of the protests of the Soviet prosecutor, the Soviet side did all in their power to silence the matter and avoid filing it among the documents of the International Tribunal. Later these protocols were declared a fake. No official publication mentioned them. Andrei Gromyko used to repeat that there had been and there could be no protocols (the last time he said this in April 1989, shortly before his death). Molotov also said, with one foot in grave, that he couldn't remember anything about the existence of the protocols.

And what did reality have in store for us? As follows from the documents now made public, until 1952 the originals of all protocols (8 items all in all and two maps with Stalin's and Ribbentrop's signatures attached to them) were kept with Molotov and reclassified as top secret in April 1946 – Molotov was obviously disturbed at their being mentioned in Nuremberg. On December 30, 1952, the documents were transferred to the CPSU CC Archives. This date is also easily explained, because it coincides with the former omnipotent minister's falling into disgrace.

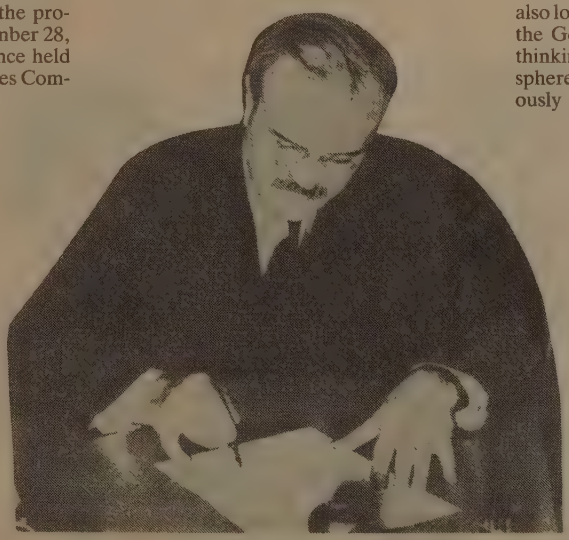
Here, in Sixth Sector of CPSU CC General Department, a special storage policy was applied to them, as well as to other special files and "top secret folders." Copies of the protocols were sent: on July 8, 1975, to the name of Deputy Foreign Minister Zemskov (in charge of the ministerial archives) for Gromyko to examine them. These copies were returned and destroyed on March 4, 1977; and the second time, again to Zemskov on November 21, 1979 (copies returned and destroyed on February 1, 1980).

On July 10, 1987, the documents were presented by Chief of the Sixth Sector L. Moshkov to the Head of the Department Valery Boldin, who, on reading them, inscribed two resolutions: "To be kept at hand" and "Not to be opened without the head of the department's permission." These were two thick red files numbered 34 and 35. Till October 1992 they were kept in the storage of the so-called "presidential archives" created by the same Boldin after he had been transferred from the CPSU CC to the post of the head of the USSR President Mikhail Gorbachev's apparat.

How it all started

The political struggle around the secret protocols during the early stage of *perestroika* also looks different now. The declaration by the Gorbachev leadership of new political thinking and *glasnost,* including in the sphere of foreign policy, was taken seriously at that time, especially in Poland where the protocols remained an unhealed wound and in our country's Baltic republics.

The result is well known; not so the story itself. It became clear as early as in the end of 1986-the beginning of 1987 that it would be impossible to circumvent the "sore issue" of the protocols. It was politely but insistently raised by the Poles at the meeting of the "fraternal parties"' Central Committee Secretaries in January 1987. Eduard Shevardnadze told me, his ministry also took part in working out suggestions for the CC. The protocols became the object of attention of the Soviet-Polish Commission for "blank spots" created after the Gorbachev-Jaruzelski meeting in

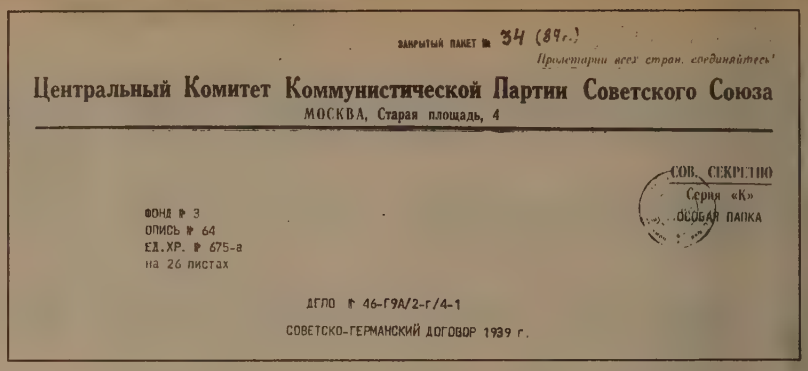


Vyacheslav Molotov signing the Soviet-German protocols of 1939

April 1987. The corresponding departments of the CPSU CC and the USSR Foreign Ministry were specially instructed to prepare the necessary recommendations. In June, Medvedev had a conversation with Gorbachev but the process was impeded by the absence of the originals. The draft to be advanced to the CC was ready only in December. It contained the history of the issue and variants of behaviour were proposed (sticking to the traditional position, then partial recognition of the truth, then its full recognition). Eduard Shevardnadze, Anatoly Dobrynin and Vadim Medvedev also advanced a memorandum, their position tended towards recognition.

The matter was discussed only on May 5, 1988, on the eve of Gorbachev's visit to Poland. Vadim Medvedev emphasized in his report the importance of the issue and the necessity to settle it. Deputy Foreign Minister Leonid Ilyichev and Chairman of the Soviet-Polish Commission for "blank spots" Georgy Smirnov reminded those present about the existence of trustworthy evidence of the existence of the protocols. By contrast, KGB chief Victor Chebrikov resolutely opposed any steps in the direction of recognition. But most curious of all was Gromyko's statement. According to eyewitnesses, he said that "it is necessary to say the truth from the point of view of the country's long-term interests." However, he failed to explain what was his idea of the truth or make any mention of the documents.

Just think: Gromyko who had more than once read the originals of the protocols was cheating his colleagues in the Politburo! The same applies to Boldin, who familiarized Gromyko with the documents which were kept in special files. As a result, Mikhail Gorbachev said, summing up the discussion, that no decision could be made because of the absence of the originals. He proposed to limit consideration of the matter to a discussion, which means in apparat language that the problem is closed. And at that very moment the originals Gorbachev had in mind were safely kept in the archives of the General Department, a few hundred metres from the Kremlin where the session was taking place...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СОВЕТСКО-ГЕРМАНСКИЙ ДОГОВОР 1939 г.

This is how "top secret folder" No. 34, kept in the Sixth Sector of the CC General Department since 1952, looks. There is ample documentary evidence that its content was known by Stalin, Molotov, Gromyko, Zemskov and Boldin. Does this list exhaust the number of those initiated into its mystery?

One can ask: if Boldin, having heard the debate, told Gorbachev nothing about the originals, then who ruled the country and the Party – Gorbachev or Boldin?

Did Gorbachev really know nothing about the originals, as I would like to believe? Or did he, as was customary with him, only make use of his secret knowledge in a very peculiar way, encouraging the unavoidable recognition of facts, yet marking time in expectation of a "convenient moment"?

A new round of searches began after the Yakovlev-headed commission had been created. All ministries and organizations were correspondingly instructed by Gorbachev, and the Commission received a lot of documents from the Foreign Ministry, the Defence Ministry, from the "special archives," etc. The KGB limited itself to issuing a modest letter of reference. Nothing came from the CC General Department.

By the way, while at work the newly born Commission more than once asked Boldin to help in the searches for the protocols. His invariable answer was that they had nothing in the CC.

Nor did he say anything on July 31, 1989, when Yakovlev reported to the Politburo on the results of the Commission's activity and its conclusion concerning the necessity to recognize the existence of the protocols. Gorbachev demanded again that the originals be produced. No wonder conservative Politburo members blocked the adoption of a resolution, and Chief of the International Department Valentin Falin was seirously reprimanded for having recognized the existence of the protocols in his interview to the Soviet and German TV.

The half-century lie

Thus half a century of silencing the existence of the protocols turned into as many years of lying raised to the status of state policy. It cost us the loss of prestige, the necessity to mumble nonsense at international forums and the impossibility of providing explanations to our prewar past, because, following the instruction by Molotov and Gromyko, hundreds of diplomats, historians and publicists (including the author of this publication) were involuntarily bound by one chain. Similar chains also existed in other spheres of the country's political life, with all the ensuing consequences....

Alas, this wasn't the system's only peculiarity. Think of it in this light: the version of the disappearance of the secret protocols was launched immediately after the war. Later, when a more critical attitude became popular, it was rumoured that they had been destroyed either by Stalin or Molotov. But the riddle is why weren't they actually destroyed? One of the

There was great excitement in the Kremlin at the signing of the Soviet-German protocols. Stalin tosted Hitler who, in his opinion, "was adored by the German people"

former KGB bosses, Alexander Shelepin, tried to explain the similar riddle in the Katyn case. A special file contains his proposal to destroy all documents exposing the role of the NKVD in it; the corresponding draft resolution of the Politburo was even worked out, yet it wasn't approved nor were the documents destroyed – on purpose.

A number of interpretations of this riddle may be suggested. The first is the absolute confidence of the creators (eventually destroyers!) of the system in its eternal existence. In their opinion, the system would outlive all and every one, and no one would ever be held responsible for its crimes. The second, a more disputable explanation is that the system itself deprives its exponents of the power of critical self-perception to such an extent that they are mysteriously attracted to the document as such, just like a criminal is attracted to the scene of crime. A document becomes stronger than the system and proves indestructible.

How many more secrets?

Today we leaf through the pages of the originals of the secret protocols without any special feeling: everything is already known, read, condemned, overcome, etc. But have we forgotten the passions that boiled 3 years ago around the Ribbentrop-Molotov Pact? This is what Alexander Yakovlev pointed out at his press conference on October 27. He reminded the audience that he hadn't been believed even in the Politburo and how he was accused of high treason and falsification, he reminded how the Commission's proposal had been turned down at the first voting. Even before the second voting a delegate from the War Veterans' Organization came running to the tribune with his face distorted by indignation and adjured the voters not to recognize the existence of the protocols.

The syndrome of "sacred faith" in Stalin was strong 3 years ago. It's still strong now, judging by the demonstrators of honorable age marching with Stalinist slogans and the portraits of their idol in hands. In this situation any restoration of historical truth becomes an urgent political event which helps overcome more than numerous syndromes of bygone days.

The history of the secret protocols is exhausted. But how long will the obviously dragged-on process of unclassifying the "presidential" archives, with all their sensational revelations last? We've been told at a press conference that there were 28 million cases in the CC archives. However, there are cases and Cases. In the opinion of those well-informed, there are no more than 2 thousand "top secret folders." Can't we start with them?

Lev Bezymensky

"It's a fake"

In April 1989, Der Spiegel correspondents J. Mittke and F. Meyer interviewed Andrei Gromyko at his dacha. Gromyko was one of the few who had held the secret protocols in his hands

A. Gromyko during the interview (photo from *Der Spiegel* issue No. 17/1989)

Der Spiegel. You write in your book that the so-called secret protocol on the agreements between Ribbentrop and Molotov of 1939 has never been and will never be found, because it's a fake. Here are copies of its Russian and German texts, whose authenticity is confirmed by an outstanding German diplomat Gustav Hilger.

Gromyko. Hilger may be an outstanding diplomat, but his attitude to facts is somewhat strange. I must repeat one more time that there are no proofs of the existence of documents ostensibly signed by Molotov and Ribbentrop, except those officially recognized. Those which are currently circulated are a fake. It's a strong word, but I use it absolutely consciously and with full awareness of my responsibility.

I can only repeat that there are no genuine documents Hilger speaks about, because genuine history, especially when it's a question of territorial agreements between two countries, can be based only on true facts and not on emotions and fictions.

Der Spiegel. You've never seen the originals?

Gromyko. I started to work in the USSR People's Commissariat for Foreign Affairs in 1939. I've never heard any diplomat mention any "protocols." Besides, a thorough investigation of the "protocols" which suddenly appeared after WWII shows that their content is in contradiction with the real course of events, including those in the Baltic Region.

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Albert Yakobson, 50, the godfather of the magazine *Novaya Niva* (New Field), is a specialist in Arabic affairs. He graduated from the Moscow State Institute of International Relations and studied in the Academy of Social Science attached to the Communist Party's Central Committee.

The idea of founding *Novaya Niva*, a magazine for family reading, or rather of reviving the pre-revolutionary most popular and the cheapest magazine *Niva* appeared in August 1989. The first issue of this quarterly came out a few days ago.

The pre-revolutionary *Niva* carried stories and verses by writers who are now called classics. The new *Niva* publishes stories by Georges Simenon, T. Leshchenko-Sukhomlina and G. Pomerants, Honore de Balzac's little known treatise on marriage, material about the family of V. Rozanov, and many other interesting pieces.

■■■

"Unbridled crime permitted by law." This is how the present crime spree in Russia was characterized by **Aslanbek Aslakhanov,** Chairman of the Supreme Soviet's Legality, Law and Order and Anti-Crime Committee. He revealed that in the last three years the crime rate annually has increased by 25 percent. A total of 44,000 people were killed by criminals in 1991 – nearly three times the toll taken by the Afghan war. The lack of appropriate legislation merely aggravates the problem. In Aslakhanov's opinion it is a bitter and inevitable consequence of the transition from the totalitarian regime to democracy, which all civilized countries had to go through in their time.

Aslakhanov, 50, a Chechen by nationality, is a career policeman in the rank of Major General, skilled in judo, jujitsu and free-style wrestling. Before being elected to the Russian parliament in 1990 he worked for many years in high posts in the Ministry of the Interior. During this time he managed to discover a good number of crimes relating to corruption in the Party and government leadership in several regions. In police circles he is considered an independent and tough man of integrity.

General Aslakhanov is not very optimistic about Russia's immediate future. In his opinion the crime rate will continue to rise. This refers in particular to such types of

Sex-symbol by the name of Vova

Dancer, singer, musician, actor and artist. **Vova Vesyolkin** was the first in the Russian cultural world to declare that he is bisexual. He is now collecting signatures among rock-musicians in support of repealing Article 121 of the Criminal Code which makes male sex punishable by 6 years in a prison camp. The artist often donates his earnings to AIDS prevention and treatment projects.

Vesyolkin came to classical ballet at the age of 26, when other dancers already have pupils and no longer dream about a career as a world famous performer. But fate was favourable to a recent graduate of the Institute of Culture. He once went to a concert of the punk-group Auction from St. Petersburg and found at it what he sought for many years. After the concert he came up to members of the group and told them: "I want to dance with you." His tryout was successful, he worked with the group for five years.

At first, his repertoire consisted only of his own inventions. Once, however, admits Vova, he did a reckless thing by performing the dance of a faun from Nizhinsky's ballet *After-Midday Rest of a Faun*. It was a big experiment in the history of world art, one of combining classical ballet with rock-music. However, the audience seemed to be concerned more with the performance by a naked male faun. In any case, after that some talked about Vesyolkin with irony, others with admiration, as a rock-n-roll sex-symbol, and still others with contempt, calling him a fag. Nonetheless the "faun" made Vesyolkin famous. Such erotic magazines as *Magnus* and *Face* carried articles about him. He was offered to play the part of an HIV-infected person in the Russian feature-documentary film *AIDS Emperor*.

Vova, who continued to dance with the Auction band, gradually became the leader of the group. Some rock fans grew alarmed, there was too much of Vova on the stage, rock papers wrote. The "faun" felt that his scenic freedom would be limited soon, and he devised his own performance in which he could express himself as a dancer, singer, poet and musician simultaneously. Together with Kirill Miller, an artist from Auction, he formed a group called Organ of Internal Affairs.

Cooperation with Miller continues not only in music but also in other art genres. In St. Petersburg they opened the Salvador Dali Gallery in which their works and those by the world's young unknown artists are displayed.

In addition to the recording of Marlen Dietrich's songs in German and the working on a number called "Impossible Love," Vesyolkin is finishing work on a collection of his erotic verses to be published in the United States.

a business even in such an anxiety-riddeh country as Russia. As a result, the Commonwealth of Independent States now has a hotel run by American hotel-businessmen. Its name is Radisson-Slavyanskaya. The most difficult thing in Moscow, Bartels says, was not passing on specific technical aspects of the hotel business to the Russian personnel but teaching them simply to smile at a client and create a goodwill atmosphere.

As distinct from the United States, where 1,100,000 rooms are empty in hotels every day, Moscow and Russia experience an acute need in hotels, Bartels explains. His company decided to satisfy this need. In October, the Carlson Hospitality Group and the joint-stock society Mosintour signed an agreement on establishing a joint venture. Its purpose is to bring a number of existing hotels up to world standards, build new hotels, and to promote the tourist business in Moscow.

crimes as larceny, burglary, robbery and corruption among high officials. Inflation, the growth of unemployment, the division of the people into rich and poor, and the limited character of social programmes will create a favourable climate for these crimes. Aslakhanov thinks the situation can be improved if a system of anti-crime laws is worked out. After all, he hopes, the time will come when every citizen feels secure both at home and in the street.

■■■

Juergen Bartels is one of the world recognized authorities on the hotel industry, he is president of the large American Carlson Hospitality Group whose profit will reach three billion dollars this year. Bartels has been engaged in the hotel business for many years. He held leading posts in European, Canadian and American companies. Before he came to work in the Carlson Hospitality Group he ran the Ramada Hotel Group, which owned 600 hotels. For several years now his company has been opening a new hotel evey ten days, a restaurant every five days, and a new tourist office daily. At present, it runs almost 2,500 such offices.

Carlson had no fear in starting

A fashion wizard

"You should know yourself well, find your own style and choose only what really fits you," says **Oleg Cassini,** 78, one of the world's most known fashion designers. Despite his venerable age, he is always lively, cheerful, smart and elegant, seething with new ideas and plans. Authorities on fashion believe that, if brought to fruition, his designs would inscribe a glorious new page in the history of world fashion.

A Russian gentleman by birth and a US citizen, Oleg Cassini has lived a life full of dramatic events and unexpected turns. He was born in Paris into the family of a Russian diplomat and an Italian countess. The October 1917 revolution made their return to Russia impossible and cut short the prestigious career of Oleg's father. The latter believed the Bolsheviks would hardly need a diplomat of a noble origin. The couple moved to Italy, where Oleg grew up in the company of boys and girls whose parents mingled in fashionable society. It never occurred to little Oleg that among children who played with him were a future automobile magnate, Giovanni Agnelli, and a future king of fashion, Emilio Pucci.

Having inherited an unusual taste for elegance of his father (who sent several hundred of his silk shirts for cleaning to London) and a commercial bent from his mother (who ran a highly successful fashion atelier), Oleg followed in his mother's steps. At first, he assisted a well-known fashion designer in Paris, and in 1933 he opened his own fasion salon in Rome. Among the clients of the gifted youth was Mussolini's daughter.

Fascist indoctrination went against the grain for Oleg Cassini, and he emigrated to the United States, where his star of a fashion wizard rose quickly. It so happened that a Hollywood producer whom Oleg once beat in tennis invited his rival to work as a modeller-constumier in the Paramount film company. Cassini's charm, exquisite refinement, fine artistic manners and business understanding gave him the image of a man of the world and an unsurpassed master. He was in high favour with popular film stars, captivating such celebrities as Rita Hayworth, Veronika Late, Brigitte Bardot and Marylin Monroe. Oleg was engaged to one of the most beautiful women of those years, Grace Kelly, the future princess of Monako, and was married to actress Gene Tierney. Cassini's high professionalism was also praised by Jackueline Kennedy, who wore his designs. As a result, Oleg became a "court costumier" of the White House, 300 varied creations for the US President's widow were his work.

Today Oleg Cassini owns a famous New York firm with an annual turnover of 90 million dollars. He is a skilful designer who offers seven new women's wear collections a year. The Master's latest creation is a perfume named after him and intended for "all elegant women of the world."

Russia's cadres

1. On "gentlemen of the old school"

Personnel departments: their past, present and future

For so long as personnel departments wielded almost undivided authority in the sphere of labour relations, the Soviet Union stood firm. In the middle of the Brezhnev era, however, the personnel department chief no longer appeared in the company of the factory director and the Party Committee Secretary as frequently as had been the case previously. He was replaced by the trade union leader. Later still, the personnel department chief was not to be seen even behind the backs of the executive trio. Some latent force sent the personnel man – a prime mover, as we now know, in the repressions of the thirties – well out of sight, into a cubbyhole with crudely painted walls. Even at mammoth industrial plants, the personnel chief's room was not much of an office.

Strangely, the personnel department, which had lost its overt authority, came to be dreaded even more as a covert menace. The shabby cubbyhole of an office somehow put the fear of God into its visitors. In that quiet room, they knew, there was a filing cabinet of a special design containing dossiers on each of them. We were denied access to our own "personal files." The two or three occupants of the quiet room always kept their distance, were immaculately neat, and had an old-fashioned taste in clothes. You had the impression that those men knew more about you than you did.

They knew much, indeed, and always heralded bad news such as imminent staff reductions, reshuffles, and personnel reports. One wondered what their sources of information were. Personnel department chiefs were the first to receive secret instructions on changes in policy towards the workforce. One had to meet certain requirements to qualify for a job at the personnel department. One requirement was that he should keep his ears pricked all the time. Personnel men of the old school have large ears with extremely sensitive eardrums. When you start talking to him, such a man immediately turns an ear in your direction, such is their professional technique.

In Russia cadres were a decisive factor. But what kind of cadres?

2. On cadres who made their own decisions

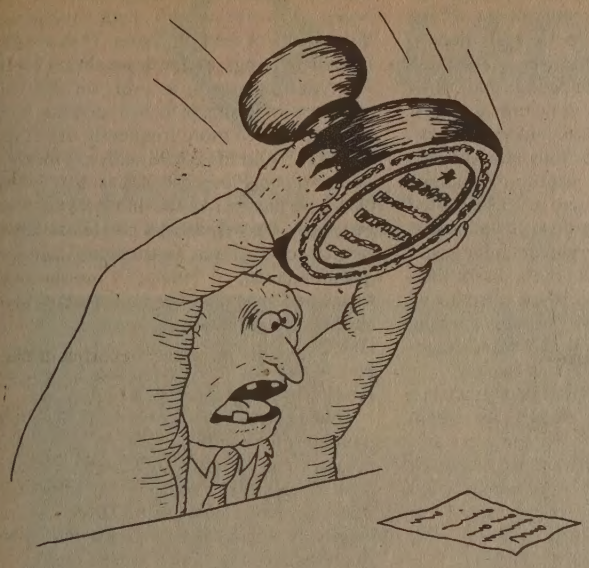
Still, there is no such thing as an invisible power. Those who wield power need an appreciative audience. Few people were naive enough to apply to a personnel department for jobs. Jobs were available only to those who had pull. Applicants had to be accepted by their future superior first. That was how executive personnel began to by-pass the personnel deparment in matters of employment.

At a first glance, the personnel department had to content itself, from then on, with the primitive functions of registering new employees and filling up dossiers on them. As a matter of fact, it was from the cubbyhole that even the most arrogant boss received instructions, as ever, on the new requirements job applicants were supposed to meet.

We have lived through a series of "questionnaire periods," remember? Someone on high kept tightening the screws, and the job application forms offered to fill up were getting longer and longer. They even came to include questions like "Where do your parents lie buried? Indicate the cemetery." Nevertheless, terms like "mutual cover-up," "pull," "closed corporation," "the mafia" became current then... Personnel departments were no longer in a position to exercise any control over personnel policy: their chiefs were hand-picked by factory managers, institute, publishing house and theatrical company directors... As a result, the Soviet Union collapsed and fell apart.

The whole thing was that the civil service cadres were not up to the mark, and proved unable to defend the good old Soviet Constitutional System. Had civil servants been selected by personnel departments, the inner workings of which remain a mystery, the *apparat* would have withstood the pressure of any street rally and survived any turmoils. However, wrong men had taken over executive posts at ministries, executive committees, trade union committees, institutes, district Party committees, the Central Committee and the Politburo. They proved unequal to the situation and broke down in three days.

This is what comes from cadres making their own decisions, and even having the final say on whom should be employed, and as what. Naturally, any boss will take on men who suit him. This is convenient but wrong. Look at Gorbachev, for example: his downfall



Drawing by Marat Tarov

was caused by the very "team" he had handpicked. He should have known better.

3. Concerning *Roskadry*

The state machinery should be made impervious to shocks. The state is not supposed to be weak. Civil servants have to keep an eye on one another. Favouritism is out of the question.

On November 28, 1991, the President of Russia signed Decree No. 242 "On Reorganizing the Central Government Bodies of the Russian Federation", i.e. on setting up the civil service personnel training administration (*Roskadry*, for short) under the government of Russia. A year later, the *Roskadry* was placed under the immediate authority of the President.

Let me make it clear that the *Roskadry* has not replaced the personnel department which has its roots deep in the service inquisitive enough to leaf through damp cemetery registers. The Roskady is to select and train elite executives for government service in Moscow, the republics and regions...

It looks as if the central personnel control authorities have been infringed upon. But this is only the first impression. The very persistence of "personnel policy" testifies to the immutability of our statesmen's way of thinking.

The chief of the *Roskadry* has two deputies. I had the good fortune to meet one of them, Professor Grigory Atamanchuk, D.Sc. (Law). Grigory Vasilyevich was apparantly glad to meet a journalist in the flesh and hastened to give vent to his feelings. He suggested that journalism should be struck out of the list of professions. The scientist is of the opinion that newspapers and magazines should carry contributions from experts in their lines – coalminers, night watchmen, tankmen, cabbies, portrait-painters and the like – and that they should enter into discussions, if necessary... The Professor impressed me by his superior intelligence.

The chief of the *Roskadry* has under his authority the foreign relations sector. This is only sensible: the chief should always watch over such a good and very interesting sector. Altogether, the *Roskadry* has six departments and fourteen sectors. The building in Moscow's Staraya Ploshchad which used to house the CPSU Central Committee is roomy enough, and the intake of civil servants continues.

4. On the vital functions of an individual

The young branch of the worm-eaten tree started out with drafting the Russian Federation's civil service act.

This compact bill contains 31 articles. The list of numerous duties to be performed by executive civil servants from now on is topped by protection of the constitutional system of the Russian Federation. The bill does not specify who it is to be protected against. This sacred duty remains abstract because there is no constitution as yet. The instinct for protecting the system must be built into the government executives' genes.

Then comes a passage about "guaranteeing the individual freedom of vital functions." I am no linguist, but it seems to me that "vital functions" have to do with disposing of body waists. Will civil servants be responsible for that, too?

Civil servants are also instructed to "protect citizens' rights." Again, the bill does not specify who these rights should be protected against. So far, it is precisely from civil servants that the citizens suffer most.

Article 15 forbids civil servants to take part in strikes "and other actions that upset the normal functioning of the state and society." This article is too meaningful to be commented upon within restricted magazine space, so I shall only confine myself to remarking that labelling strikes as an abnormal phenomenon which upsets "the functioning of society" is indicative of high professionalism which we journalists – who ought to be ostracized anyway – definitely lack.

5. On the unemployed nail

It is not my intention here to comment on the bill in detail. Nevertheless, I cannot help voicing my disappointment with the *Roskadry*. The civil servants of the most common type whom the citizen has to deal with almost every day – postmen, bus drivers, bookkeepers, plumbers, doctors, schoolteacher – have found themselves outside the new institution's range of interests. Society expects something else from a civil service act – this ought to be a code of requirements which any representative of the state should meet. He should be impeccably polite, well-informed, neatly dressed, efficient and free from arrogance... There is no one to work out such a simple but vital document.

Let me explain that apart from the department which draws up wierd questionnaires, and the new *Roskadry* which write laws in a hard-to-grasp language, we have the Ministry of Labour (previously known as the State Committee for Labour) which performs exactly the same functions as the two above-mentioned organizations do. It is the Ministry of Labour that sets the time limits for periodic performance reports and personnel reductions and issues all sorts of instructions; the Ministry has under it a whole research institute the proceedings of which are tedious enough to put even an insomniac to sleep.

On October 14, 1992, a conference devoted to the coming work reports on Russia's government officials was held in what used to be the CPSU Central Committee building. The meeting was addressed by a lady associate of the said research institute. She tried to use microphones, but neither that on the podium, nor the one on the presidium table worked. Someone went out to fetch the civil servant responsible for the microphone, but came back empty-handed. "The man says they are in order!"

Actually, no one needed the microphones – the audience was composed of Moscow and provincial personnel department chiefs with equally well-trained ears. The lady researcher, however, exasperated even those professionally restrained people. The Institute's new instructions on how to conduct certification turned out to

be a carbon copy of a resolution adopted by the CPSU Central Committee and the Council of Ministers of the USSR years ago, with only the word combination "Executive Committee" replaced by the word "Administration." Work reports were to be carried out, as ever, by the same trios of "supermen" using the same old method of gathering personal information about everyone on the sly...

The personnel department chiefs lost their temper, and the conference turned into something like a tumultuous street rally. A woman ran up to the stage and shouted that Yeltsin's anti-corruption decree was no reason for suspecting all the government officials of bribe-taking. Why work reports at all, then?

"It's about time you stopped worrying people sick!" that worthy woman shouted. "They will sue us for unlawful dismissals! We've had that before!"

"Why don't you sue Yeltsin then?" the lady researcher countered. "It was Yeltsin who has signed the decree – well, go ahead and sue him!"

"All right, forget about it," the Chairman of the meeting said reassuringly. He sat at the presidium table right under a large black nail sticking out of the white wall. Now naked and unemployed, the nail had used to hold portraits of our leaders.

6. On ice cream and accordions

The world's largest state which some over-enthusiastic public speakers refer to as a superpower, is concerned with everything – be it ice cream-making or amateur theatricals in a small-town community centre. It once promised to wither away but never kept its word. Anyway, as it is withering away theoretically it seems to be nothing loth to take the Izvestia printship – all printshops, for that matter – along to the nether world.

As distinct from other states, ours does not content itself with the maintenance of the army and police (incidentally, it mismanages both) and with the conduct of foreign policy. It applies all its energies to setting up institutions the like of which are not found elsewhere in the world: the *Roskadry,* the Labour Research Institute, the State Committee on Prices... In Moscow alone, there are 18 state-run institutes of economics; its K.D. Pamfilov Academy of the Municipal Economy has not a single academician on its staff... Civil servants go by the principle: "They pay us, consequently they need us."

Once the news that we had 18 million bureaucrats came as a shock to us. The State Committee for Labour and Social Affairs "revealed" the mistake then: the actual figure was 2.5 million, not 18. That was how many civil servants the ministries of the USSR employed. However, civil servants are found not only in government circles, but also in house management offices, hospitals, institutes, personnel departments, stores, at post-offices... All these are perfectly serious civil servants differring little, if at all, from government ones. Therefore, 18 million is an understatement. This is all the more obvious now that the state is setting up new institutions manned with old civil servants and artificially bred Doctors of Science, Professors and Assistant Professors. As they gather under naked black nails sticking out of the walls for their mysterious conferences, they seem to be making a show of activity. This is a wrong impression. Let us face it: the state is handing power over to civil servants again.

Our superpower is trying to do what it has always been doing – making ice cream (never to be found on a hot summer day), taking care of amateur theatricals (which are chronically short of accordions), delivering letters at a snail's pace, and all too often leaving subscribers without their newspapers and magazines.

7. On theory

The number of state institutions should be kept down to a minimum because the civil servant is an expensive luxury: while producing nothing, he draws his salary from the budget, i.e. from our taxes. Even the establishment of a separate State Revenue Inspection is nothing but a waste of money (see *New Times* No. 33, 1992).

The personnel departments, as they are now, should be simply abolished. These have been unnatural organizations from the start. This is not the matter of where an employee's parents lie buried. New rules of life should replace old ones by all means – this is all in the day's work. The *Roskadry* with its civil service bill is clearly heading in a wrong direction. In the end, all of the country's educational establishments turn out specialists. They have the alternative of either entering civil service, or keeping well clear of it. Knowing all along that no capable and vigorous young man will opt for dull paperwork, the *Roskadry* have set up their special schools for training civil servants! Has there ever been a project as empty of meaning and as expensive to the taxpayer as this? This undertaking, however, warns us of the danger of officialdom: civil servants breed more civil servants.

People expect of the new Russian state simple things which are so necessary in everyday life: kindness and understanding of their problems. They are denied these things, as they have always been. Everything depends, as ever, on state institutions swarming with civil servants, who say "No" much more frequently than they say "Yes." Our life is habitually regimented in the Staraya Ploshchad offices. In this article I have named five enormous institutions which are busy creating a personnel selection theory. Their instructions, orders, questionnaires, "letters," resolutions, forms and manuals are duplicated (paper shortage notwithstanding) and circulated to Russia's all institutions daily and indefatigably. Numerous laws and decrees have already caused a great deal of confusion.

This bureaucratic machine is Russia's omnipresent Big Brother seeking to turn human beings into CADRES whose innermost thoughts are easier to monitor and who are more convenient to check for loyalty. Russia is saying a long good-bye to a police state.

Is it, really?

Vyacheslav Baskov

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